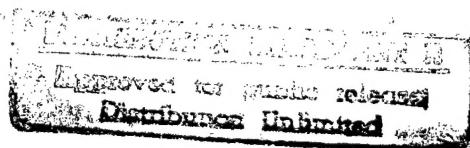


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Czech, Slovak Constitutions Analyzed, Compared
93CH0021A Prague LIDOVE NOVINY in Czech
25 Sep 92 p 8

[Article by Vladimir Klokocka, professor of constitutional law in Munich and lecturer at Charles University in Prague and Brno: "Two Different Constitutions—Slovak Constitution Differs Substantially From Draft of Czech Constitution"]

[Text] The slowly emerging contours of a future Czech constitution make it evident that the concept of the Slovak constitution points in directions different from those taken in drafting the Czech constitution. The Slovak constitution establishes the republic as a "social state" because the goal of a "socially and ecologically oriented market economy" can not be realized through self-regulation of a market economy, but only by state intervention "from the outside."

Demands on the state are exceedingly high even in the case of a well-developed and established market economy of a highly advanced country. In Sweden of course the costs of a social state have become socially unsustainable and in present-day Germany they seem to be approaching the same point. It is in that context that one has to view the Slovak constitution's array of socio-economic rights including the right to work (Art. 35), the right to "just and satisfactory work conditions" and the right to "compensation for work performed adequate to sustain a dignified standard of living" (Art. 36). Clearly the Slovak constitution is promising more than it will be able to deliver. The declarative character of these provisions is heightened by the fact that the citizen may invoke them only within limits to be determined by implementing legislation (Art. 51).

Citizens Not the Same as the People

According to Article 1 of the constitution, the Slovak Republic is a sovereign democratic and law-governed state, and with that formulation, it seems, drafts of a Czech constitution are in agreement. The understandable allergy of a postcommunist society to the "people" phraseology leads in both cases to attempts to formulate the quintessential principle of a constitutional state, that is, the principle of the sovereignty of the people, in ways different from the U.S. Constitution and the republican constitutions of continental Europe. If Article 2 of the Slovak constitution says that "state power derives from the citizens" (and the same formulation is used also in the drafts of a Czech constitution), then it must be said that the concept of "the citizens" is not identical with the concept of "the people" and that it distorts the entire understanding of what the sovereignty of the people means.

The modern concept of a constitutional state of representative democracy does not accept Rousseau's idea that if a people is composed of 10,000 citizens each citizen holds one ten-thousandth of the state's authority. The sovereignty of power is a collective property of all

the people and is not divisible into individual shares. Sovereignty of the people differs from the sovereignty of power in an absolutist or politbureaucratic state in that the sovereign binds not only others but himself as well. Derived from his sovereignty he retains the latent power to change the old and create a new state ("pouvoir constituant"—power to constitute), while within a constitutional state (i.e., established power) there are only the competences, rights and obligations of institutions and citizens. One might say, using an extreme formulation, that citizens are the product of a constitutional state, the people its source.

It was Abbe Sieyes who defined the presumption of the people's will to mean that in order to maintain a viable community one has to recognize the binding force of the majority's will rather than the sum total of all individual wills. The will of the majority does not mean automatically the will of the majority of citizens, but the will of the people determined by the means and methods established for that purpose in a constitutional state. From the nature of a representative democracy flows the presumption that a legitimately elected parliament embodies the will of all the people for a period of four years (its term of office) even if public opinion polls were to show the opposite. That is surely not an ideal construct, but less dangerous than the others. So far any attempt to construct some kind of an absolute, non-self-limiting sovereignty of the people has ended up as either a Jacobin dictatorship or a rule by the politbureau.

Parliamentary Government System

The Slovak constitution is also at odds with the principles of a representative democracy in its formulation that "citizens" exercise their power "through their elected representatives or directly." That is not enough in a constitutional state: the people exercise their power through not only the elected representatives, but through the bodies of legislative, executive, and judicial power, regardless of whether or not they are elected.

The Slovak constitution (and evidently the future Czech constitution) affirms the parliamentary form of government, that is, a system based on a division of power between the legislative, executive, and an independent judiciary in which the mutual relations between the dependent on the political confidence of the parliament which may force their resignation as a whole or individually. In contrast, the Czech constitution drafts tend toward strengthening the entire line of government policy by not allowing the parliament to make changes in the government's profile by individual interventions in its composition.

The Slovak president is also dependent on the parliament: it elects him for a five-year term and can also recall him if the parliament concludes that the president "is conducting activities aimed against the sovereignty and territorial integrity of the Slovak Republic or designed to abolish the democratic constitutional order." The president could preempt that in the first six months following

a parliamentary election by dissolving the parliament in the event that the parliament failed to approve the government program three times. Otherwise the Slovak parliament is indissoluble—a typical mark of a parliamentary government system and the former "really socialist constitutions."

President Mostly Has To

The Slovak constitution of course does not know the principle of countersignature for the acts of the head of state by the prime minister or members of the cabinet, which is typical of the parliamentary form of government. In its place it has a constitutional linkage of certain acts of the president to proposal by the government. That includes the president's power to return legislation to the parliament with his comments. The president's suspensory veto is in effect only the government's prerogative to return to the parliament legislation it had approved and compel it to make a new decision. In other cases the president's action is contingent on a proposal by the parliament. Either way he does not act autonomously but as an "agent" of the initiator.

It emerges from the constitution that the president rarely "may" and often "has to" (for instance accept the resignation of the cabinet or a minister) and that he is not envisioned as a "pouvoir neutre," a neutral force in conflicts between the parliament and the cabinet. On the other hand though, the Slovak president is for instance the commander in chief of the defense forces without being constitutionally required to obtain the countersignature of the minister of national defense in his actions.

The parliament's central position is rounded out also in the number of nominating and recall powers in regard to the chairman and deputy chairmen of the Supreme Court, the Constitutional Court and the Supreme Bureau of Control (in that case it also has the power to recall). In the constitution there is a conflict between Art. 86 item J) and Art. 135: the chairman and deputy chairmen of the Constitutional Court cannot be "elected" by parliament and at the same time "appointed" by the president.

It is common in a parliamentary system of government that the direct political legitimization of parliament by elections does not mean that in the division of powers and competences the cabinet or the president should be subordinate instruments of the parliament: they are equipped with balancing powers in the "parliamentary game." It is the Czech constitution drafts that are closer to that concept than the Slovak constitution. Nevertheless it will be only constitutional practice that will show how the "parliamentary game" is played behind the facade of the Slovak constitution.

Czech-Slovak Union Said To Be Dead

93CH0050B Bratislava NARODNA OBRODA in Slovak 8 Oct 92 p 3

[Commentary by Julius Gembicky: "The Union Bubble Has Burst"]

[Text] Zeman's proposal for appointment of a commission to transform the federation into the Union of the Czech and Slovak Republics, had the blessing of the federal parliament and many deputies of the HZDS [Movement for a Democratic Slovakia] voted for it last week, but now it is actually dead. The place of its stillbirth was the Gold Star hotel in Jihlava.

The two-track vote of the HZDS deputies for the federative maneuver in itself demonstrates that, to say the least, two constitutional concepts are still evident in the strongest Slovak political movement. One is constantly trying to revive the idea of some loose union with the Czech Republic, be it in the form of a loose federation, confederation, or something more than a customs union. Its proponents include, for instance, the deputy prime ministers and ministers of the federal government, R. Filkus, M. Cic and J. Moravcik. That in fact was the reason for such a quiet housekeeping in the federal government late last week.

The other, which seems to be the HZDS's majority concept is gradually creating space for the definite structure of Slovakia's statehood and only when that is achieved, it intends to deal with the attitude of an independent Slovak Republic toward the Czech Republic, but only if it is advantageous for the Slovak side. The link between the two diverse ideas is the person of Vladimir Meciar, the chairman of the HZDS. That may be the reason why he was so much impressed by an idea that the Czech opposition succinctly expressed with a linguistic neologism 'death-birth.' That concept means a concurrent process of the death of an outdated statehood, in other words, of the federation, as well as of the birth of a new form of Czechoslovak relations. Its form and contents may correspond with a form of the confederation or of a customs union that is more broad-based than the weak type.

Since both those ideas concerning the transformation of the constitution make the ODS [Civic Democratic Party] and its allies see red, the HZDS steered clear from giving them any specific name and insisted that their meaning and mutual advantages be the topic of discussions concerning the arrangement of further relations between the Slovak Republic and the Czech Republic after 31 December. A preliminary announcement states in its concluding paragraph that "the HZDS will strive together with the ODS to conclude agreements on specific issues, such as the customs union, agreements on currency and payment, etc., and make them applicable as of 1 January 1993," but Klaus's and Meciar's signatures put an end to any such illusions at least until the end of the year. After that date, agreements made by the ODS and the HZDS will no longer be in force. However, if the joint statehood is abolished, the joint political space also ceases to exist. Only time and possibly the dissatisfaction with constitutional isolation will reveal the actual need for its resuscitation, in other words, for the revival of the idea of a confederation or a comprehensive union.

At this juncture, the Czech right wing resolutely rejects the idea that such associations are necessary. Furthermore, it began to intensively undermine the heretofore cohesion of our domestic opposition. Nobody knows whether the HZDS has not barred its way to it forever when it repudiated its initial support for Zeman's proposal, or whether the signature on the announcement, by which the ODS and the HZDS have in fact sealed the founding of two independent states, will not be viewed as a betrayal of our common interests. In conjunction with the position of Horak, who voted for it but who now regards the proposal of his colleague from the CSSD [Czech Social Democratic Party] as his own initiative, and with Trnka's promise that the LSU [Liberal Social Union] would not oppose the coalition policy, one can guess that after all, to them the Czech shirt feels closer than the Slovak coat. Such signals indicate that those parties do not want to be disqualified from the game by their own people and therefore, in the end they will assume a more conformist attitude toward the Czech right wing, so that with it and with their votes they might help at least during the time when decisive steps are being taken to restore Czech statehood.

In the opinion of many observers, Meciar's group in Jihlava blundered or failed when they could not compensate their concession or abrogation of the idea of a confederative union by anticipated insistence that several criteria for the division of federal property that are disadvantageous Slovakia's be changed. We can live without it but nobody can predict how our Slovak citizen, whose pocketbook is being steadily depleted, will accept that. And if the only subject of the ratification referendum is Klaus's version of the customs union, which was tossed to us like a bare bone, then it would be a waste of money.

Necessity of Czech-Slovak Reciprocity Argued
93CH0025A Prague LIDOVE NOVINY in Czech
2 Oct 92 p 8

[Article by Zdenek Urbanek: "The Common Bonds of CSFR Citizens"]

[Text] First, I will keep to the custom of the members of the British House of Commons: before I start the discussion, I acknowledge my "vested interest," i.e., a certain bias caused by personal and legitimate interest. In a certain sense I am a cosmopolitan and thus also an advocate of Czechoslovakia. As it was being born and created in the "First Republic," Czechoslovakia granted liberty to all free thinking and free speech. Humane intentions and tolerance were not prerequisites, though they were usually welcomed. I celebrated my 21st birthday three weeks after the world had ended for me for the first time. By that I mean Benes's signing of the Munich agreement. That was when things began to turn bad after 20 promising years, and that does not seem to want to come to an end.

Therefore, I support the preservation of Czechoslovakia. Our—the Slovaks' and the Czechs'—history has been different. But try to name the most fundamental point that has bonded us together. In my opinion, it is the struggle against oppression. It was easier for us in Bohemia and Moravia. If one was adroit enough a lot of things were permitted, although when Vienna was adroit enough, a lot was not permitted. However, Vienna was not excessively adroit. Upper Hungary, as Slovakia was humiliatingly called, was worse off. But whenever it was a matter of opposing oppression, the Slovaks turned to Czech prervivalists and revivalists, and cooperation, though frequently linked with conflicts, was politically effective and useful. It is not true that the Czechs did not understand the Slovaks' efforts to create something that some of them call "national identity." It is merely that some Czech—as well as Slovak—intellectuals believe that in the present stage of cultural and civilizational development "national identity" is not the most important issue. Considering the present state of the world, the most important thing is morally individual identity. And together with it, evidence of intellectual ability and expertise incorporated in the widest possible humane education. I have had the luck to meet an equal number of Czech- and Slovak-speaking people who have been of the same opinion as I on this issue. Neither the former nor the latter have any desire for a separation.

The issue of a referendum is more difficult. If, in the CSFR as it is to date, a statewide referendum were to be held, advocates of so-called independent Slovakia are probably right in fearing that they would lose: the majority would probably vote to preserve Czechoslovakia as a federation or as something very similar to a federation. It would depend on how the question were phrased. And that is one of the arguments used against holding a referendum. That institutional process is not antidemocratic in principle. In Switzerland it is used in individual cantons to resolve very precisely defined individual problems. Here, while the Federal Assembly exists, it should be a matter of the termination or continuance of the entire state organization, which is as important for internal politics as it is internationally. The current representatives of the people in the CSFR Federal Assembly were elected to represent their areas and not by merely voting according to decisions and instructions of their parties but through rationally and clearly considering the demands and interests of their voters. A referendum, briefly put, is the attempt to resolve relatively simple issues quickly. The attempt to preserve or break up Czechoslovakia is a historically, morally, and socio-logically much more complex issue. It cannot be presented to a partially informed citizen for his quick and sudden decision. He cannot be as responsible as every member of the Federal Assembly should be.

I have tried several times to define to which leftist group I belong. Unfortunately, the latter does not have a spokesman or representative here except for friend Battek. There is no social democratic party here that is

similar in strength and decisiveness as its namesake in the First Republic. The latter, in contrast to the leaders of the two relatively strongest parties, the rightist ODS [Civic Democratic Party] in the Czech lands and the much more colorful Movement for Democratic Slovakia in Slovakia, would undoubtedly have advocated urgent negotiations, leading to the preservation of Czechoslovakia. That would be sensible morally, politically and, above all, economically. We are not well off together, but we will be 100 times worse off after we separate. That applies to both sides, because I cannot imagine that Czech companies, Czech cultural organizations, each individual Czech and all of them together, will ever stop being interested in what is happening in Slovakia. Regardless of whether that interest is dictated by economic and political factors, or by their hearts.

Treatment of Law on Dissolution Criticized

*93CH0025B Prague LIDOVE NOVINY in Czech
2 Oct 92 p 1*

[Commentary by Jiri Hanak: "Very Strange Company"]

[Text] The Czech and Slovak Federal Republic is dying under undignified, embarrassing, and humiliating circumstances. Anyone who watched the work of the supreme representative agency of the CSFR yesterday must have remembered the words of Emperor Franz Joseph I: "If the monarchy has to die, let it do so with dignity."

But our federal parliament did not even succeed in doing that. It was meant to pass, or not pass, a law on the way in which the federation will be dissolved. Common sense, unencumbered by a delegate's feeling of importance, would dictate that it be passed. After all, no rational person can doubt that the CSFR is going to be dissolved one way or the other. The submitted draft of the law contained four options. Every one of them would lead to a civilized and cultured transition from a federation to two independent states. The law was not passed. The adoption procedure and what immediately followed it became a welcome excuse to present the pettiness, uncivilized behavior, and downright insensitivity of some of the delegates.

A very strange company met for the distasteful job. Communists from the KSCM [Communist Party of Bohemia and Moravia], communists from the social democratic party, and republican communists. Jointly and severally, they buried the peaceful and unproblematic way out of a state and legal crisis and opened the door to something possibly wanton and difficult to control. And all this was in the name of some castles in the air in the form of a Czech-Slovak union, in other words, a coexistence of states that is not viable from the beginning.

The verbal skirmish, in the form of unending factual comments, that followed the vote was on the level of tavern gossip in a fourth-rate enterprise. Delegates Zeman, Svitak, Ransdorf, and Lhotka wearing the

colors of that very strange company, clearly won on points. Only the delegate from the SNS [Slovak National Party], Vitazoslav Moric, sank to their level. They were not at all concerned with the issue itself. They did not consider such a fundamental matter as the fact that the computer did not register the votes of two delegates to be important. One of them tried to demonstrate to another that he resembled Gottwald physically, the second said to the third that he lacked the basic ability to understand, delegate Ransdorf diligently did rhetorical acrobatics, and delegate Zeman, as always, was concerned with the most important issue: witty remarks. Delegate Svitak remained in character: Down with Klaus. The program, too.

The CSFR? The Czech Republic? The Slovak Republic? Apparently they do not particularly interest the very strange company. The leftist opposition is willing to fry its own hash on the possible conflagration of a disorderly separation.

Anyone who saw yesterday's debate in the federal parliament will clearly agree: its future positions are not likely to interest anyone.

Gal Justifies Idea of Czechoslovak State

*92CH0973A Bratislava KULTURNY ZIVOT in Slovak
10 Sep 92 p 7*

[Excerpt from an interview with Fedor Gal, former chairman of Public Against Violence, by Jan Klusakova, which was originally published in book form; place and date of interview not given: "My Country Is Czechoslovakia"]

[Text] The following is an excerpt from a new book in which Jana Klusakova and Fedor Gal discuss *Na doraz o Meciarovi, Knazkovi, Klausovi, Havlovi...a konci jednej revolucie* [More on Meciar, Knazko, Klaus, Havel...and the end of a revolution].

[Klusakova] We talk a lot about politicians. But permit me to ask, "maybe naively," what is politics, actually? What could not be done without politics?

[Gal] Politics is a tool for pushing through group needs, interests, and goals. Politics is not just what is happening "above," or only our foreign relations or decision whether our economy will be a market economy or other. Politics is also the editorial plans of a publishing company, newspapers and journals, the way students and managers are educated; politics makes its way even into the most out-of-the-way shop where there is only one boss and two saleswomen—politics is also the prosperity of that shop. Peoples' attention, curiosity, as well as ambitions are attracted most to high politics. For it is surrounded by myths and legends.

[Klusakova] In an average state there is a certain number of dentists but also a certain number of politicians. A

dentist studies dentistry at a medical school. And a politician? Where does he emerge from?

[Gal] The more professional the caste of dentists is in a state, the greater the guarantee that its citizens' teeth will be well taken care of. In politics the exact opposite is true. The more exclusive and closed the caste of people who attend to what pervades our lives from top to bottom, the worse it is for us. If democracy is really the most difficult but the best way for a society to exist, only one mechanism can protect it: society's control of power. Power is uncontrollable if it is a shaman's art for which you need a degree from three schools of higher learning. It is also uncontrollable if it becomes an exclusive occupation. In addition to the societal control of power, there is one more institution for the protection of democracy: the mobility of politicians. No politician should be earning retirement benefits! On the contrary, these people must normally go from one profession to the other: a businessman or university professor serves as a deputy for four years, and then goes back to his original occupation.

[Klusakova] Would that not be traumatic for them?

[Gal] Why should it be? Only in totalitarian and undemocratic regimes is politics a matter of making money. To be a politician in Great Britain or the United States is not the way to get rich. Nor to earn undeserved privileges. At least that is what I think.

[Klusakova] Until now, the Czech Republic and the Slovak Republic were equal even in what you were just talking about. But now, when everything is quickly leading to a division of the state, the human dramas will obviously be somewhat different here as well as there.

[Gal] Those 380,000 Slovaks who live in the Czech lands have relatives in Slovakia. Many Czechs who have a husband or wife from Slovakia established clear and firm relations with people, families, communities—and that is the first tragedy. And there is also another matter, difficult to perceive, which can leave a scar on individuals as well as on society as a whole. I don't like to use the term motherland, it sounds a little affected, but my motherland is Czecho-Slovakia, and it does not matter if I say Czecho-Slovakia or CSFR. If this state breaks up, I will lose my motherland. And I will have to think about where I should live then. Maybe in Slovakia, maybe in the Czech lands, but also maybe in Canada or England.

[Klusakova] Many a sovereign or patriotic Slovak would obviously respond to that by saying that now you have revealed who you are, because a real Slovak considers only Slovakia to be his motherland.

[Gal] I am a Slovak, my roots are in Bratislava, from which I travelled to the West for the first time when I was 46 years old. But I feel that my motherland is not only Bratislava, not only Slovakia. If this state breaks up, many people will lose their motherland.

[Klusakova] And in spite of that, I shall ask you: Why are you at this critical moment a Slovak in Prague, why are you not a Slovak in Bratislava, why do you leave it at the mercy of your political opponents?

[Gal] I believe that even now I can be an effective Slovak in Prague: I write books, teach students, speak Slovak, and do everything in my power to prevent losing my motherland. It is possible that in the end I shall return to Bratislava. However, I am not sure that I want to spend the rest of my life in a partisan struggle with Meciar. I am not sure that this type of struggle is not already behind me, and that I should not really better devote myself to writing, thinking, teaching, and research. I am not so sure that I am not already more of a publicist than a warrior. As long as I do not have normal conditions for life and work in Bratislava, until that time I will stay in Prague.

[Klusakova] Are you saying that today the only the possible struggle is a partisan struggle?

[Gal] I said it in quotation marks. I am certainly not inciting anyone to start putting together Janosik-type bands [Janosik—Slovak Robin Hood].... But let me go back to the tragedies that will be caused by the breakup of the state. It is, above all, a tragedy of many Hungarians who will reject the Slovak language as the only official and state language without exception. And then there are the Gypsies, who became used to living in Slovakia and make incursions into the Czech lands in search of work. Those, whom Meciar already had time to dismiss from government posts, know what awaits them. But there are many people here who still do not suspect. Yesterday was 5 July, Sunday, and on the Bratislava Devin Castle celebrations of Cyril and Methodius were being held, that is, an occasion that touches cultured and religious citizens at their very being. And on this celebration of culture and faith, Vladimir Meciar was the main speaker. His address was easy to decipher: In a mighty voice that admitted no objections, he reminded Slovaks that they are Slovaks, that their emancipation presupposes also the appropriate state setup, that they must unite without regard to their party affiliation, which means creating a national front, and then he even shouted at them: "You will decide in what kind of state you want to live!" He only forgot to add that he already decided for them. The Movement for Democratic Slovakia, which won the elections, took a firm and decisive step toward the breakup of the state. If it continues like this for another 14 days, the referendum will become a mere ornament on this decision of his.

[Klusakova] But Meciar was not elected by the majority of Slovaks, he only got somewhere around 30 percent.

[Gal] Meciar understands it that way. That is why people are dismissed from official positions of all levels as well as from the information media. I remember when the journal ECHO published Milan Zitny's article entitled, I believe, "Through a Leftist Putsch to Independence." Zitny warned that there is danger of a reversal to a leftist

government in Slovakia, that at the head of these efforts stands the then Prime Minister Vladimir Meciar, he brought attention to the close links between Meciar and agents and officers of State Security, and recalled in that connection Svechot and Cibula. The article had an extraordinary response, and a criminal complaint was lodged against Zitny. The last time I was a guest on the Prague television program "What the Week Brought," Roman Zelenay and Rudolf Filkus were there with me. After the broadcast was finished, we sat outside the studio, drank coffee, and talked. And Filkus told me that if only 5 percent of what Milan Zitny wrote in ECHO is proven, he will not stay with Meciar. Zelenay said that the same goes for him. Today the elections are over, we know that in Slovakia the left and the nationalists scored a striking victory, that Cibula continues to be a prominent political commentator, and Svechota an active official in the Ministry of Interior. Of the content of Milan Zitny's article not 5 percent, but at least 75 percent was proven to be true; Rudolf Filkus became deputy prime minister of the Federal Government, Zelenay is chairman of the Chamber of the People, and I heard that Svechota is building a Slovak secret police.

Draft Provisions of Czech Constitution Discussed

*92CH0981A Prague LIDOVE NOVINY in Czech
16 Sep 92 p 3*

[Article by (rk): "Parliament and Prime Minister Dominate"]

[Text] The political system is based on free competition among political parties and movements that recognize the basic principles of democratic organization and that reject force as a means to enforce the interests of society.

The seventh item in the basic provisions of the draft of the principles of the Czech constitution is insurance against any attempt to renew totalitarianism in an institutional way. The necessity for it was recently discussed by the deputy prime minister of the government, Jan Kalvoda. The constitution of the Slovak Republic, which was passed recently, lacks any such definition. A comparison of the first chapters of the Czech and the Slovak constitution reveals additional differences. Slovakia, in contrast to the Czech constitution, declares the possibility of entering into a union with other countries, on the other hand, the Czech constitution does not mention a state language and there is no closer definition of an emblem, flag, seal, or national anthem.

The seat of the bicameral Czech parliament is Prague, which leads one to conclude that the authors of the proposal for the constitution do not expect the seat of the Senate to be in Brno. According to the most recent amendments to the text during the past weekend, one could conclude that the governmental commission has somewhat limited the role of the Senate, just as it has the role of the president in specific political crises. The Senate is to be composed of 75 senators (not 100) and their period of office has been cut by one year to six

years. To pass a constitutional law, the yes vote of only a simple majority is needed (in National Council of the Slovak Republic three-fifths of the members have to vote yes), but if the Senate differs in opinion with the Chamber of Deputies, a repeated—again simple majority—yes vote of the Chamber of Deputies is needed. Apart from constitutional laws, the Senate deals only with mutual relations between the two chambers, the extent of deputies' rights, and the law on the assertion of the right to vote and the execution of elections to both chambers. Drafts of other laws are exclusively discussed and passed by the Chamber of Deputies.

The president, who is elected by parliament for five years and who cannot be elected more than twice in succession, has retained primarily representative functions. Though he has the right to return a law that was passed to the Chamber of Deputies, the latter can definitively enforce it with a simple majority, whereby voting is done by name. The president appoints the prime minister, but the right of the head of the state to dissolve parliament if the candidates suggested by him are rejected has been limited. He has retained that right only if a third candidate in succession—this one proposed by parliament—does not win the confidence of the members. Apart from that, in order to be valid, any decision within the framework of the execution of the president's jurisdiction needs the cosignature of the prime minister, who is then answerable for it. The speaker of the Chamber of Deputies is, on the whole, an official who supervises the organizational working of parliament. Territorial autonomy is resolved in the same way in the Slovak constitution and in the Czech draft: both texts state that the community is the basis of autonomy, whereby higher territorial administrative units are not specified more closely and, in that context, a constitutional law is expected to be passed.

Crisis in Slovak TV Related to Wider Context

*92CH0984A Bratislava TELEGRAF in Czech
17 Sep 92 p 10*

[Commentary by Peter Schutz: "The Battle for Slovak Television"]

[Text] After the HZDS [Movement for a Democratic Slovakia] government succeeded in nationalizing the already privatized Danubiaprint company and in taking away the license that had already been granted to the Perfect private television broadcasting company, the line of the main attack has been oriented to Slovak television and the daily newspaper SMENA. The TV fell into disfavor when the chief producer of the center for news and sport, Jan Fuelle, refused to renew Meciar's regular 10-minute program on television. Even though he did not have to talk to Meciar at all because STV [Slovak Television] is already a legal institution, he offered him interviews as a compromise. The prime minister did not accept that and, through the newly instituted governmental representative in the STV council, there was pressure exerted to negotiate adjustments. The result was

a compromise that made even less sense, according to which there would be other constitutional officials besides Meciar in the television monologues.

As it turned out, that was not enough for Meciar. Like giving a command, he removed four of those who had signed on to the Truth in Image pledge from the council, stated that it is nonfunctional. Then the government approved a special update to the law on Slovak radio and television, according to which the STV council should be reduced to nine independent and politically affiliated persons, and hold on to your hats here, elected by a plenary session of the SNR [Slovak National Council]. In practice, that means that after the approval of the amendment to the law, of which there can be little doubt considering the strength of the HZDS, there will be nine apolitical members of the club For a Truthful Image who agree with the views of the HZDS, which has still not been particularly legitimated.

It is certainly not without interest that the procedure of the governing HZDS is being strongly criticized as well by the current chairman of the STV council, Vladimir Miskovsky, who by party membership belongs to the SNS [Slovak National Party]. He has even gone so far as to accuse Meciar and Knazek of Bolshevik approaches. The content of his private interview with the deputy minister of culture, Ivan Mjartan, has come out, where Mjartan offered him the withdrawal of the government's revision of the law in parliament in exchange for removing the television director. Miskovsky's unthreatened attitude may be the precursor of possible breaks within the SNS and perhaps even the first open conflict between the governing state party and its most loyal satellite.

Meciar's attempt to defile television and to force his way onto the TV screen whenever he pleases are signs that behind the facade of phrases and speeches about democracy is hidden a deep ignorance and lack of understanding of its basic principles. In an established and functioning democracy, no minister, prime minister, or even the president could demand access to the TV screen simply in order to present his opinions to the nation, whether they are those of the government, of the party, or his personal ones. If the public found out that someone had even thought that, it would cost them their positions. Unless, of course, he is invited, there is only one way for a constitutional official, just as for any other person, to get on television or radio and that is to pay an advertising fee. If the government or a politician wants to pass on their views directly to the populace, there is nothing else they can do but to set up their own television station or newspaper.

The days of Jan Fuelle and the STV director, Marian Kleis, are numbered. It is even worse that by this act the days of STV as an independent, legal public institution are also numbered. I recognize that the changes in the governments of the democratic countries are sometimes accompanied by power struggles and changes in the persons at the highest positions of those institutions with

influence in the state. Right in neighboring Hungary, for over a year now just such replacements in the directors' positions in radio and television have been the source of great tension between the president and the prime minister. The manner and methods of conducting this struggle with the new set of governing Slovak politicians are going far beyond the normal bounds, however, and what is routinely tolerated in the civilized countries. It is just in this relationship and in the behavior toward the media that one can best recognize that the roots of those newly installed in power in Slovakia are set deep in their Bolshevik past.

Shortcomings of 1991 Corporate Law Discussed

92CH0989B Prague HOSPODARSKE NOVINY
in Czech 17 Sep 92 p 15

[Article by Zdenek Trinkewitz: "Change Corporate Management"]

[Text] In 1991, a new corporate law was passed in haste by the Federal Assembly. It was modelled on the corporate law of the first CSR, but it bore the marks of hurried work and was passed in spite of a number of known and criticized shortcomings. Its amendment, which came with the adoption of the business code, was anticipated with considerable hope. But not even that fulfilled all the expectations. Specifically, for example, in its conception and definition of the functions of corporate management.

Corporations, which were created from state enterprises and are owned by one stockholder, the state, were from the very beginning the object of criticism by radical proponents of economic transformation. They were pointing out that what was done amounted to a "change of company name," to serve as a cover for the continuing state ownership of enterprises, and to enable the present top executives to retain their positions and later seize possession of those corporations.

Corporate Management

Private owners-stockholders and their general meetings did not exist, and it was a problem to constitute corporate management bodies, boards of directors, and supervisory boards. Founders of corporations, usually the appropriate branch ministries, left it up to the postrevolution enterprise management and activist groups in the enterprise to propose, for the management of the corporations, outside experts, representatives of the activist groups, and local agencies uncompromised by collaboration with the totalitarian regime. The ministry then supplemented them with their own officials. That was the way the first management bodies of state corporations came into being in 1990 and 1991.

In practice it soon became obvious that management so constituted was not sufficiently qualified and effective. Management had no personal or material stake in the well-being of the enterprises. They lacked the necessary

motivation and self-confidence to take the often unpopular, radical, and risky necessary action and make decisions on behalf of the enterprise. Many outside members were distracted from participation in the corporation's management by other duties as well as personal interests. Gradually, therefore, the structure of management began to be changed: members of the management of the corporation itself, its directors and their deputies, were named to the board of directors. To strengthen decisions and facilitate their implementation, the function of the director was combined with the function of the chairman of the board. Such is the way corporate management is structured even now during the course of the coupon privatization, at the beginning of a period of painful solutions to problems, such as, for example, insolvency and artificially maintained employment. Neither official agencies nor corporate management are now prepared to solve these problems with the necessary authority and decisiveness.

A considerable share of blame for the unsatisfactory effectiveness of corporate management lies in the business code itself and its practical application, inasmuch as it does not make sufficient use of the legislative experiences and practices of its models in developed countries. To compare, let us look at the practices in the FRG and the United States. The legislation as well as practice in both those countries are considerably different, but they have one thing in common. Both put emphasis on the authority and effectiveness of the corporation's executives and their power to make decisions.

German Practice

In Germany the highest authority in a corporation is considered to be the supervisory board (*Aufsichtsrat*), elected at the stockholders' general meeting. It is usually composed of the most important stockholders, top managers of the corporation, bank representatives, recognized outside experts, and according to the law on sharing in decisionmaking, half of the supervisory board are representatives elected by company employees. Also elected as representatives of the employees are high officials of the trade unions. The number of supervisors is limited by law to 21. The supervisory board does not make operational decisions. As is obvious from its name, it supervises the activities of professional management. In particular, it discusses and approves the annual profit and loss statements of the company and formulates positions and recommendations for decisions to be made at the stockholders general meeting. Members of the supervisory board are not company employees as such.

The highest executive body of a corporation is the board of directors (*Vorstand*). The board of directors usually has only a few members, and is composed of top managers who are under managerial contracts with the company and are therefore its employees. Board members are usually responsible for certain activities of the company (types of products, market segments and territories, work routine, etc.). Board members usually are not heads of lower organizational units or levels of management.

The board of directors is thus an executive team of professional managers in companies of the AG or GmbH type. The board of directors has extensive real authority and jurisdiction over all subordinate levels of the company's organizational structure in implementing its decisions.

In large holding companies with a complicated structure, where the subsidiaries are independent entities with full rights, the parent company and the subsidiaries have contracts by which the subsidiaries comes under the control of the parent company (*Beherrschung- und Gewinnabfuhrungsvertrag*). Such an arrangement of mutual relations makes possible an efficient and unified implementation of business decisions of the top management in those gigantic, often supranational, companies. The mentioned contracts determine the distribution of profits internally among the companies and also provide for the covering of losses that the subsidiaries may incur as a result of decisions made in the interest of the greater whole or even by faulty decisions of the holding management.

American Practice

In the United States, functions that in Europe are usually divided between two bodies, the supervisory board and the board of directors, are combined in the highest body of the company, the board of directors. The American board of directors has at its head a chairman and vice chairmen, who sometimes head at the same time the executive management as its CEO (chief executive officer) and EO (executive officer). The board of directors is composed of important stockholders and their representatives, important independent experts (retired CEO's, EO's, ministers, scientists) and top company managers.

In large companies the board of directors also sets up committees and invites other specialized experts to serve on them. At the head of the committees are usually individual members of the board of directors. The committees, for example auditing, financial, nominating, salary, outside relations, technical, scientific, etc., prepare material that serves as the basis for the decisions of the board of directors. In addition, services of authorized outside auditing firms are used to review the financial statements.

The highest executive body of the company is management. At its head is the president and CEO, and it is further composed of several vice presidents and EO's. Besides these highest officers without a special agenda, specialized managers for individual agendas (finance, personnel, outside relations, R&D, etc.) are also members of the management. Those members carry the title senior vice president or senior officer. The board of directors and management are endowed with such authority and executive power that enable them to implement without unnecessary delay the plans and decisions made on behalf of the company, for which they bear full personal responsibility and for which they are

appropriately compensated. CEO's of large companies have a basic annual pay at the \$1 million level, and a share of profits at the level of \$10 million.

Proposed Changes

It is incomprehensible that the business code followed so little the FRG example precisely as it concerns the status and function of corporate bodies. The mutual position and functions of the supervisory board and the board of directors are inappropriately defined. Just the very sequence of the paragraphs gives preferential position to the board of directors, which is described in paragraph 191, whereas the supervisory board is described in paragraph 197. The board of directors has vast duties and authority. The supervisory board, in the conception of the law, is something like an improved audit commission, which was given, in addition to the previous corporate law, the task of supervising the performance of the board of directors and the conduct of the company's business.

Underrating the importance of the supervisory board and the de facto priority function of the board of directors lead to an effort to provide public control of the company by appointing representatives of outside institutions to the board of directors. However, that practice causes, for reasons previously mentioned, insufficient effectiveness and operativeness of the board's decisions and of the implementation of the adopted decisions. For that reason, it is now essential and opportune to use the current realization of the first wave of the coupon privatization of state corporations to restructure and revitalize their executive bodies. The key role in it must belong to the National Assets Fund, which became the only stockholder of those corporations and is performing the function of their general meetings. Even though that task could appear unmanageable by the fund, or even premature, it must resolve to do it now. In doing so, the example from the FRG practice, which most closely resembles our conditions, must be followed as much as possible, and the composition and functions of the supervisory boards and the board of directors adapted to the German system.

The existing supervisory boards can be supplemented by the present outside members of the board of directors, and further by representatives of the fund, which, as the

sole stockholder, is still not represented in the companies' executive bodies. The supervisory boards of large companies need to be expanded to between 12 and 15 members. Then it will be possible to increase the number of elected employee representatives and meet the demands of the unions for a greater participation in the decisions affecting the corporation. It will contribute to a greater trust of the employees in the leadership of the corporation and to a sense of coresponsibility of the employee collective for necessary business decisions made with the participation of their representatives.

The board of directors must be newly conceived as an executive body of three to five members, composed of top managers of the corporation itself. That means, of employees of the company, bound to it by managerial contracts. At the head of the board of directors should as a rule be a director, or a director general (president) of the company. In large holding companies, that organizational and personnel structure should be supplemented by means of the above-mentioned contracts with direct control over the subsidiaries. That would ensure the unity of strategic plans and realization of the decisions made by the top management, which is responsible to the supervisory board and the stockholders for the profitability of the capital and growth of the corporation.

If the first wave of the coupon privatization is not delayed again by internal political complications, the general meetings of the new shareholders should take place at the beginning of 1993. For the shareholders meetings, the current leadership of the corporations should draft proposals for constituting new bodies according to the concept consistent with the conditions and needs of the life of the privatized corporation in the hard competitive environment, stripped of the influences of state control and protectionism.

An important role in that process should be played by investment privatization funds. They will be, besides the National Assets Fund, the key stockholders, able to define and implement their business plans more expertly and efficiently than the dispersed DIKs. It would be forward looking if they developed even now an initiative for preparing a more efficient functioning of the controlling bodies and management of those corporations where they intend to invest the investment coupons entrusted to them.

FIDESZ Delegation Meets Slovak Politicians

*93CH0029B Bratislava UJ SZO in Hungarian
1 Oct 92 pp 1-2*

[Article by A.G.: "Federation of Young Democrats Delegation in Bratislava; Contact Has Been Established"]

[Text] The Bos [Gabcikovo]-Nagymaros dam system, minority issues, Slovakia's prospects after Czechoslovakia falls apart, and cooperation in the spirit of Visegrad were the central topics at the interparty meeting initiated by the Federation of Young Democrats [FIDESZ] held yesterday at Pozsony [Bratislava] jointly with the Movement for a Democratic Slovakia. Hungarian delegation chief Zsolt Nemeth told this newspaper that the meeting had been held exclusively at the levels of the two parties, and that they were pleased that Slovak Minister of External Relations Milan Knazko and Slovak parliament Foreign Affairs Committee Chairman Ivan Laluhá had readily agreed with FIDESZ' intent to establish relations this way. Although the negotiations had not produced unanimity, various viewpoints had been clarified nevertheless, Nemeth said.

"We explained that insofar as Bos-Nagymaros was concerned, FIDESZ's viewpoint was almost the same as that of the government," Nemeth continued. "Regarding minorities it is our view that minorities must be granted broad autonomy, because this is the only way to prevent the outburst of conflicts between ethnic groups in East-Central Europe." Asked of his views concerning Vladimir Meciar's statement according to which nationalism is on the rise in Hungary, Nemeth said that "nationalism is gaining ground in East-Central Europe, and Hungary is no exception. Fortunately, this phenomenon has not yet manifested itself at the level of the Hungarian government, but it is regrettable that a broad variety of nationalism has raised its head within the ruling party." Regarding a statement by the Slovak head of government on Tuesday concerning Bela Bugár and Miklos Duray, Nemeth said that the tone of voice used was inappropriate in the framework of grand politics. "I very much regret that the prime minister used this tone of voice. Hungary is endeavoring to make minorities feel good. This must be a primary consideration."

Journalists questioned Milan Knazko after the meeting primarily about Slovak-Hungarian relations. The minister said that in his view relations were deteriorating and that this should be attributed to certain steps taken by the Hungarian side. The minister viewed József Antall's speech delivered in Nürnberg and the Hungarian reaction to the Slovan-FTC game as such unilateral steps. He said that he was concerned about the increase of a certain kind of nationalism in Hungary.

Still yesterday, the five-member FIDESZ delegation met with the leaders of the Citizens Democratic Union and the Hungarian Citizens Party.

Feasibility of Implementing EC Agreement Questioned

*93CH0012A Budapest FIGYELŐ in Hungarian
17 Sep 92 p 17*

[Article by Gyorgy Farkas: "Agreement on Association: Lost Illusions?"]

[Text] One can only hope that when the agreement on association finally appears on its agenda, parliament will by all means consider two things. For one, that it is not enough to enter into good agreements: One also has to implement them; further, that the support of those implementing them is also necessary.

The EC is undergoing an eventful year, to which we have also contributed to a certain extent. The semiannual alternation of the presidency, according to which the British took over the steering wheel in July, is almost a guarantee that realistic and reasonable compromises will be made in Brussels in terms of, and in the spirit of, the internal market program to be completed by 1992.

Why is this important? Were the previous decisions, decrees, and steps not realistic and reasonable? Let me point to the decisions in Maastricht and the vagueness of approval, the results of the bargaining with the EFTA [European Free Trade Association] area, or even the policies towards the countries of Eastern Middle Europe. It seems that on the one hand, the EC took another step towards implementing the tasks stipulated or assumed for political reasons; on the other hand, the actual conditions limit the possibilities. Namely, this imbalance is undoubtedly present in the account of the activity of the EC in the middle of 1992.

One must add that this contrast is perhaps most pronounced in relation to the countries of Eastern Middle Europe. The EC is not the principal reason for this contrast, although it almost inevitably contributed to it. These countries, as we well know from our own case, appealed and continue to appeal with great expectations to Western Europe, to the EC; at the same time, they know very little about how one can go about concrete issues, what can be done and achieved there, and how.

First and foremost, the countries of Eastern Middle Europe expected, and still expect, promises from the EC, which they have received promptly. However, in our region the road has always been a long one between promises and contracts, between contracts in principle and their implementation and, last but not least, the creation of conditions necessary for their implementation. It is especially long now when our entire society and economy is going through an unforeseeable transformation from formulating principles to concrete action. Moreover, it is to be feared that by the time the transformation is completed, in many cases the original promises will have lost their validity.

When negotiations on the agreement began at the end of 1990, Hungarian economic proposals could only be

based on previously existing domestic conditions, even if they were prepared in a very professional way from the point of view of the politics of international trade and negotiating methodology.

One need not explain what profound change this economy, its system of institutions, and within it especially the sphere of companies and enterprises, underwent between the fall of 1990 and the spring of 1992 (that is to say, between the times at which various fundamental parts of the treaty came into force). And we also very well know how much the political inclination of the countries of the EC has been modified towards the three associating countries, not to speak of the interest of their companies in us. A further important aspect must also be emphasized: The agreements on association were written in a language and were conceived in a system which has been familiar to the entrepreneurs of EC countries for decades; thus, implementing them is natural, and does not require the acquisition of new knowledge. In the associating countries, the agreements struck, if not from the blue because the sky was anything but blue, then still as bolts from the heavens practically overnight, without any expertise on the part of the entrepreneurs who were supposed to implement them. Here are the agreements, make the best of them.

A further consequence of this time lag is that public administration has become even more "internalized." This could be construed as "the retreat of the state" from the economy, and in principle it could be counterbalanced by a healthy cooperation between the forums of government and the economic organization in charge (for instance, a division of labor in the area of surveying the opinion of companies, their representation, or in providing information and counseling about the new conditions resulting from the agreements). However, the lack of contacts for almost one and a half years is leaving its mark on the possibility of creating this relationship.

The result of negotiations and the usefulness of the agreements are strongly influenced by the fact that not only the fundamental system of economy and institutions is subject to transformation in the associating countries (which is basically a "planned" change of circumstances), but rather at the same time, their entire system of foreign trade relations has been disassembled, their internal conditions of supply and demand have found themselves in a new structure, a new system of conditions (and it was by far not possible to "plan" these latter processes). Another "unplanned" change of conditions is that in the meantime, at least 40,000-50,000 registered firms were established in the country. If only a little more than 10,000 entered the EC market at the time the agreement came into force, this would already mean an increase of several 100 percent, compared to 1989, the last year taken into consideration as a year of reference in the course of the negotiations.

However, the most important factor is the simple fact that toward the end of 1990, the Hungarian economy

presented a fairly consolidated picture, and the companies, on the basis of the "organized" change of the political regime, could hope, to a certain extent, for a similarly organized and managed change in the economic regime. In the middle of 1992 it has now become apparent that this expectation was completely false; the reorganization of the Hungarian microsphere has shattered, or has put in an utterly different position, entire branches of industry, complete groups of products, and large companies. This, in addition to the system of conditions created by the agreement on association, is a source of many conflicts. Not to speak of the fact that this change of conditions arouses domestic reflexes of protecting the market and industry and opposes them to the acceptance of the concrete conditions of associating with and later joining the EC which, according to sober economic judgment, are premature until the competitiveness of our economy improves considerably.

But actually, even the original promises did not come to pass in the form that many expected. The promise of entering the market in several important sectors on more favorable terms had the opposite effect. The promise of asymmetry (and its formal creation) is worth exactly as much as a Hungarian economy still on the way into recession can put into practice.

Thus, on the company level, a period of disillusionment is beginning in Hungary, an evaluation of actual tasks and expectations in connection with the association with the EC on a realistic level. This awakening is obviously not across the board yet; unfortunately, the previous practice of the state (and certain party chiefs) of building castles in the air was much more efficient than the willingness to explain concretely necessary information. It is even more lamentable that public administration still largely does not react to this partial disillusionment. How else could one explain that the first council meeting on the association in the middle of the year which provided a first evaluation of the agreement on association took place in the complete absence of representatives from the sphere of companies. It is disheartening to see to what extent our authorities are avoiding not only each other in many cases, but the entrepreneurs, as well.

The EC agreement is reminiscent of the proverbial horse of veterinary textbooks [which illustrates every possible illness]. Its preparation, negotiation, enactment, and the still unresolved discussions and complications connected with it, represent a series of actions by an administration thinking in terms of offices which does not care in whose interests, and to what end, the association is or would be necessary, and with whose participation it will be implemented. One can only hope that parliament, when the issue finally appears on its agenda, will heed the signs of disenchantment which have become obvious within the EC, the messages from there which have also been formulated on the political level, but maybe also the domestic lessons mentioned above, and will acknowledge that a more realistic way of thinking is not provincialism, but a necessity. One can only hope that it will heed the two conditions that it is not enough to enter

into smart agreements with foreign countries, but that these agreements also have to be implemented in Hungarian reality; further, one can hope that to this end a sensible dialogue and cooperation will be established with those who implement it.

[Box, p 17]

Inside and Outside

It is strange that while our state authorities try to proudly represent the dynamically proliferating and enterprising domestic sphere of small and medium-sized companies, and pocket the praise for this from the state authorities of the partner countries, after they return, they do not provide these entrepreneurs with even a minimum of information on what and with whom they made agreements on the conditions of tomorrow's foreign trade activities. Moreover, they do not even acknowledge the initiatives of the entrepreneurs in order to obtain this information as legitimate.

Finance Minister Kupa's Second Program Analyzed

93CH0037A Budapest HETI VILAGGAZDASAG in Hungarian 3 Oct 92 pp 7-9

[Article by Istvan Csillag: "Second Kupa Program; Money Matters the Least"]

[Text] "The international world of finance still regards us as the top pupil in the region, at most they shake their heads because this good child has wet his pants in class." This is how the Hungarian finance minister summarized upon his return from the IMF-World Bank general meeting what he had learned in Washington, where the two institutions elected him to serve as chairman of their board of governors for a year. The expert author of this article analyzes Kupa's changed program incorporating the conclusions drawn from the above offense—one could call it the Second Kupa Program—that was also presented in the United States.

In reviewing how the Kupa Program came about we reported in December 1991 (*HETI VILAGGAZDASAG*, 21 December 1991) that by doing no more than presenting the program, the Antall government killed three flies in one stroke. From the standpoint of timing at least, it got ahead of the opposition's (SZDSZ) [Alliance of Free Democrats] crisis management program, regained the confidence of professionals, and lastly, by putting together a network of plans responsive to requirements established by the IMF-World Bank duo, it reassured the western financial world. If three quarters of

a year ago the Kupa Program looked more like a demonstration than a tool for the direct transformation of the economy, how should we view the presently renewed alternative?

First of all, the way this "new" program is being presented for acceptance teaches a very good lesson. Mihaly Kupa is reconciling the acceptability of his new program with the negotiating delegations of political parties seated in parliament, IMF experts, and finally, with employees and employers represented in the Interest Mediation Council. In parallel with these efforts, responsive to the government's continuously scheduled processes, the National Assembly is debating the principles that guide the 1993 budget. The reconciliation effort that takes place "at every level, and by using virtually every" method could be interpreted in two ways. One interpretation holds that based on the "divide and rule" principle, Mihaly Kupa is capable of gaining acceptance of his concepts by controlling all negotiations. According to the other interpretation, Mihaly Kupa's beautiful program disintegrates between the parties, the government, parliament, and the IMF's Scylla and Charybdis ornament, but in the end the negotiating partners become tired, and the effort to make them tired should not be left for Christmas or New Year's Eve 1992.

Another important element is the fact that by now, Mihaly Kupa can rely not only on his own professional preparedness and stubborn optimism, but also on the international recognition he received. As chairman of the board of governors of the IMF and the World Bank, as vice chairman of the European Bank for Reconstruction and Development (EBRD) and as Hungarian finance minister he is going to be able to counsel himself in a way that the authenticity of these titles cannot be questioned by anyone. This factor is probably going to have a beneficial effect on turning the Kupa Program into a real government program.

Finally, the fact that Mihaly Kupa dared to wipe off the dust from his original program and admit that the advance indications contained therein were not proven to be correct with the passage of time (see our table), is worth noting. This self-criticizing conduct is important not only from the standpoint of authenticity: it also contains a hidden message. By surrendering perceptions that proved to be overly optimistic and by bringing closer in the new program the expected curve of economic upswing to realities, Kupa moved in the direction of flexible planning, as opposed to the practice followed by five-year plans carved in stone. He is telling professionals and politicians to get accustomed to the method of continuous adjustments.

**Chief Indexes of the March 1991 (I.) and
September 1992 (II.) "Kupa Programs"**
(changes as compared to previous year, in percentages)

	1991		1992		1993		1994	
	I.	II. (fact)	I.	II.	I.	II.	I.	II.
Gross domestic product (GDP)	-4	-10	3	-5 to -2	5	0 to 3	6	2 to 4
Individual consumption	-5	-10 to -9	1	-4 to -2	2 to 2.5	0	4 to 5	1 to 3
Community consumption	-3	2 to 3	-1 to 0	-3	0	-1	0	1
Investments	-5 to -4	-6 to -5	0	-5 to 0	5	2 to 6	5 to 6	6 to 9
Exports	-6 to -5	-5	6 to 7	5 to 7	7	5 to 7	7	5 to 7
Imports	-7 to -6	2	2 to 3	-4 to 0	3 to 4	6 to 8	8	7 to 9
Consumer price index	33 to 35	35	21	22 to 23	13	16 to 19	8 to 9	10 to 12
Current balance of payments (millions of \$U.S.)	-1,200	287	-650	300 to 500	-50	-100 to 100	0	-400 to -200
State budget deficit as a percentage of the GDP	2.5	1.7	1.4	6 to 7.5	0.8	5.4 to 6.7	0.2	4.7 to 5.8

But most important from the standpoint of the new Kupa Program is that the government's economic policy continues to be based on Kupa's philosophy. In contrast to promising professional theses designed to stimulate the economy, the Kupa philosophy rejects the idea of pumping in surplus liquidity. Kupa starts out from the belief that the state's direct latitude in the economy is very small by now, because a significant number of people active in the economy have somehow already managed to escape from the corral of those who had declared themselves to be important and influential from the standpoint of the state. Kupa recognized that one could at best strengthen or weaken already existing movements in the economy, but to artificially create such movements would be an undertaking destined to fail.

While Kupa's first program forecasts were possibly realized only in part, he did not force the implementation of his program like a real people-pleasing narodnyik would, by using all possible means. Just as the king in Saint-Exupery's *The Little Prince*, he, too, realized that "demands on everyone must not exceed the people's capacity. Making sense is the primary foundation of authority."

The second, renewed alternative of the Kupa Program makes concessions to people-pleasers, it does not rule out the possibility of distributing credit certificates to the God-given people for the acquisition of property, the way their Russian, Albanian, and Romanian brethren receive such certificates. But Kupa is also aware of the fact that while in the other countries meat coupons were handed out instead of meat, and therefore the transition from meat coupons to credit certificates came as no surprise, these certificates were not really popular in Hungary. In vain would the government ordain that everyone become an owner of property before the elections, and that the planned task of reducing the state sector by 50 percent be outperformed, this could only lead to a situation in which the self-propelled processes would come to a halt.

In this sense the most important function of the new Kupa Program is to deflate, to halt the self-fueling of man-made, artificial structures. Quite naturally, the new Kupa Program is also insufficient to radically dismantle the obstacles that stand in the way of economic evolution. This holds true not only in regard to the large distribution systems, to the restarting of the stalled state household reform, but also to reforming the people who administer these systems. The best, although obviously a randomly picked, example for this is the assertion that deregulation only amounts to a proud chapter heading devoid of content, and that the review of state institutional functions begins with reducing the number of researchers, with the "privatization" of those willing to undertake critical analyses, such as the Economic Research Institute, and with the strengthening of state control over local governments.

Undoubtedly, the finance minister does not allow himself to be disturbed by today's fashionable demagoguery, but in this regard we could apply a watchword used by scouts: "Be strict with yourself!" It is true, of course, that after the straitjacket communist state machinery, the rich fiber of civil democracy demands that many types of new state institutions be revived, but it is not certain that the many types of offices already established appropriately contribute to the revival of entrepreneurship. It could be that saying "no" to as many institutions as possible and as many times as possible is the finance minister's hobby. On the other hand, it probably is not the most appropriate method, even from the standpoint of cutting already budgeted expenditures, to first allow the dragon heads to grow, and then to try to cut them off.

The forecasts contained in the program come as no surprise. They reinforce views according to which the economy is capable by now of vegetating at least, undisturbed by events taking place in grand politics, thus also in government. Despite increasing unemployment and an increasing number of unused capacities, Hungary did not have to experience the horrors of what neighboring countries went through and are still experiencing.

The realism of the forecasts is well demonstrated by the fact that the forint has become the key currency in the region. This occurred because transaction fees for exchanging local currencies into forints are lower than the fees charged for exchanging so-called hard currencies. At the same time, the purchase power of the leu, koruna, ruble, or dinar exchanged into forints is better in the Hungarian market, and Hungary also has an uninterrupted supply of goods. And finally, a real interest paid after forint savings—earnings that still exist—promise a better return than savings deposits in neighboring countries, where they are subject to rather high, inflationary taxes.

This then leads us to one of the most vulnerable aspects of the Kupa philosophy: the meaning of the term "savings." On the one hand no proof exists that individual savings by Hungarians are on the increase, nor is there proof that the savings derive from income earned in 1990 or 1991. Equally, it is possible that the expansion of savings reflects only the effects of the high inflation rate. Insofar as savings are concerned, we can acknowledge only one competent remark, namely, that these savings have financed the state household which pays no attention to the revenue side of the budget, without boosting inflation. We could also say that residents (Hungarians and non-Hungarians alike) who took care of themselves by accumulating savings made it possible to postpone the real transformation of the state household (and its bureaucrats). These saving have enabled the government to preserve the semblance of authority (see *The Little Prince*), at a time when it was not compelled to return to Marjay's hands-on management. The question is, however, in what way the increasingly frequent political tensions, and noble, national treatises which make one's vest bust, but which are far removed from cold, financial realities, will influence savings.

The Kupa Program has survived thus far due to the citizens discipline and rational thinking. Mihaly Kupa will hardly be able to suggest a discipline to politicians and the government—even though he ascended to the highest levels of cosmopolitan, international financial institutions—of the kind exemplified by the populace. If ever, this is the time when discipline becomes the collateral of the Kupa Program's success. Self-discipline and patience. Unlike Kutuzov, it is unlikely that he is going to be able to rally time to his aid.

[Box, p 9]

Program Review

The finance minister is going to present his program for the next two years to the government in three volumes. Here are quotes regarding a few governmental functions viewed as important by the finance minister.

International economic integration. The development of an "acceleration package" in the framework of the agreement on association with the EC, to improve the possible market entry for Hungarian products. Preparation for a free trade association with EFTA and with the "Visegrad" states. "This fall the government will submit to parliament the proposed customs duty law planned to take effect early next year."

Toward forint convertibility. Submit to parliament in 1992 a proposed foreign exchange law. "Relaxation of barriers to the outflow and influx of the forint should be considered contingent on the moderation of inflation and interest rates in Hungary."

Ownership transformation. The government "develops or has developed policy concepts for each field of specialty, which orientate privatization, the management of state property, reorganization, and the conclusion of bankruptcy and liquidation proceedings.... The government pays careful attention so that privatization of the largest foreign trade enterprises, monopolistic large enterprises, public utility systems and banks takes place along with improving their competitive situations.... The government ensures that considerations of the privatization strategy, market competition and of market structure development prevail regarding property under long-term state ownership." A legislative proposal to define the treasury property and its operation is being prepared.

The stimulation of enterprising. "The government is unconditionally committed to the elimination of taxing wage expenses by 1993." This year, the government will submit a proposed law to govern the commodity exchange, will support the reduction of interest rates and the narrowing of the interest rate margin, will develop conditions for a mortgage credit system, and will establish a credit consolidation system.

State household reform. "The government endeavors to eliminate delays experienced thus far." "Even the development of health care reform and pension reform requires several years of work." The housing concept, and legislative proposals for social welfare and education will be submitted to parliament this year, and so will a legislative proposal dealing with voluntary mutual insurance funds. A legislative proposal governing nonprofit organizations and public foundations is being drafted.

Unemployment. "In order to reduce the need for budgetary support, it becomes necessary to amend the employment law (to increase the amount of employer and employee contributions and to reduce the period of entitlement and the lower limit of contributions levels).... In certain instances it is necessary for the government to consider providing direct aid to certain branches...which face mass layoffs."

Details of 1993 Draft Budget Discussed

*93CH0037B Budapest HETI VILAGGAZDASAG
in Hungarian 10 Oct 92 pp 7-9*

[Unattributed article: "Budget 1993: Talk About the Balance"]

[Text]

**Projected Central Budget Balance for 1992 and 1993
(in Billions of Forints)**

Revenues	1992		1993	Expenditures	1992		1993
	Budget	Expected	Budget		Budget	Expected	Budget
Payments by Businesses							
Corporate taxes (not including financial institutions)	85.0	49.0	54.0	Production cost supplements, grants, reorganization	22.0	22.5	20.0
Payments resulting from special situations	26.0	25.0	25.0	Agricultural subsidies	30.0	30.0	35.0
Customs duties and import payments	66.5	75.5	82.0	Total	52.0	52.5	55.0
Contribution of state share after property	20.0	6.0	6.6	Consumer Price Supplements	17.5	19.4	21.4
Gambling tax	6.5	4.3	5.5	Accumulation Expenditures			
Other payments	11.8	11.8	15.6	Central investments	32.0	29.0	28.7
<i>Total</i>	<i>215.8</i>	<i>171.6</i>	<i>188.7</i>	Jamburg Gas Pipeline Construction Fund	6.7	6.7	2.5
Taxes Related to Consumption				Subsidies for self-financed housing construction	23.0	26.0	33.6
General sales taxes	160.0	159.0	285.0	Total	61.7	61.7	64.7
Consumption tax	184.0	176.0	170.5	Social Security Contributions			
<i>Total</i>	<i>344.0</i>	<i>335.0</i>	<i>455.5</i>	Family supplement, other payments, guarantees	112.3	109.6	127.8
Payments by Individuals							
Personal income tax	162.0	138.0	192.5	Ministries, national organs	124.9	120.1	140.0
Tax payments	12.0	10.2	8.9	Defense, armed services	113.1	113.3	130.1
Fees and dues	5.5	5.5	8.5	Self-inspired social organizations	2.2	2.2	2.1
<i>Total</i>	<i>179.6</i>	<i>153.7</i>	<i>209.9</i>	Wage policy fund	7.0	2.1	0.5
From International Financial Relations	8.0	10.3	22.2	Total	247.2	237.7	272.7
Corporate Taxes and Dividends Paid by Financial Institutions	63.0	8.0	25.0	Local Government Subsidies	218.2	223.5	265.1
Related to Debt Service	45.4	54.8	60.6	Support of State Funds	32.3	56.1	77.9
Privatization Revenues	20.2	35.0	0	Related to International Financial Relations	17.0	19.5	30.6
Other Revenues	7.8	10.4	7.5	Debt Service, Interest Payments	171.9	180.0	205.0
Collected by Individual Budgeted Organs	97.4	142.5	130.6	Other Expenditures	3.2	2.3	3.5
				General Reserves	5.1	0	13.5
				Extraordinary Government Expenditures	9.0	9.0	5.3
				Guarantees Provided	6.0	6.0	12.0
				Expenditures of Central Budgeted Organs Paid From Their Own Revenues	97.4	142.5	130.6
Total Revenues	981.0	921.3	1,100.0	Total Expenditures	1,050.7	1,119.8	1,284.9
BALANCE	- 69.8	- 198.4	- 184.9				

After "preparing" for two years to perform this task, representatives once again may not have the time this year to provide a substantive review of the close to 2,000-page 1993 budget submitted by the finance minister to parliament last week, but supposedly they are going to have the energy to do so. Thus it is easily conceivable that the ball park figures of certain budgeted items—checked "up there," in Washington—are going to spark large enough dissatisfaction on both sides of the House to prompt representatives to get together to revise the budget.

Even if the expected debate over next year's budget lasts for three months, a 180-to-185-billion-forint state budget deficit and a 35-to-40-billion-forint deficit in the social security funds is a virtual certainty. Even though in late June, early July, upon submitting to parliament the overall principles of the budget, Finance Minister Mihaly Kupa felt that a budget deficit of 195-198 billion forints could be financed (HETI VILLAGGAZDASAG, 11 July 1992), he reduced this estimate in September by 10-13 billion forints on his way to the IMF and World Bank general meeting. Although, one could say, a deficit of this size would be within the margin of error of a budget based on 1,284 billion forints in expenditures and 1,099 billion forints in revenues, making this reduction in the estimate the finance minister demonstrated the Hungarian Government's intent to reduce the deficit.

At this time the IMF could not be accused of being overly meticulous, anyway. While IMF smiles toward Hungary just began to freeze for tripling the scheduled 1992 budget deficit—and based on the "mutual agreement," Hungary is not going to be able to draw from its loan fund approved for this year, for the time being—it elected Mihaly Kupa to become the chairman of the board of governors, which jointly oversees the IMF and the World Bank. In addition, Kupa informed the National Assembly last week, before it rendered a decision over the budget principles, a decision that has failed to materialize due to the presumably deliberate absence of a majority of representatives: "International financial institutions agreed that a state household deficit—i.e., the state budget plus social security deficit—amounting to about 6 percent of the income produced could be financed," even though, in general, IMF experts have thus far regarded only a 5-percent budget deficit as tolerable.

In any event, Hungary's economic indicators thus far in 1992 could confuse the analysts in Washington. The inflation rate has been dropping from 35 percent to 23-25 percent (and the government counts on a mere 16-19 percent inflation rate in 1993), the current balance of payments shows a surplus of between \$300 million and \$500 million (even worst-case analyses project a maximum of a \$100-million deficit in current balance of payments for next year), and interest rates have also been declining (except the basic interest rate set by the Hungarian National Bank [MNB], which has remained unchanged at the 22-percent level this year, but which is planned to be reduced to 18 percent next year). At the

same time, however, the government projects an almost 200-billion-forint deficit in the state coffers. This, in spite of the fact that economics textbooks tell us that a lasting budget imbalance fuels inflation, deteriorates the balance of payments, raises interest rates, and thus excludes entrepreneurial ventures from the money market.

But as long as the international balance of payments shows a surplus, the IMF has no reason to be "tough" with Hungary, even more so because it is generally known that if financial institutions that serve as benchmarks in money markets "back out" from supporting the Hungarian Government, the external financial balance of the national economy could be upset rather quickly. It seems that the IMF and the World Bank prefer to support a government that is losing its breath in internal struggles, and to "resurrect" a Hungarian finance minister who is losing his popularity, in order to prevent the unavoidable narrowing of the scope of state redistribution.

But the government has already scored well by submitting its next year's proposed budget to the National Assembly on time, prior to 30 September. But it has once again failed to produce on time the needed implements. Violating requirements established in the state household law, it has failed to submit on time legislative proposals that would serve as foundations for the financial estimates, such as codes of law pertaining to customs duties and earmarked subsidies to local governments, or, the legislative proposal concerning about 20 funds, which, aside from a few exceptions, would partly be funded by the state budget. On top, the government has shared the contents of its "three-year budget consolidation program—steps already decided to be taken in the course of state household reform"—only with the IMF, whereas, in the course of debating the basic principles of the budget, Mihaly Kupa had also promised to present the same to the National Assembly. But the budget information presented, referred to as the "people's great puzzle" by FIDESZ [Federation of Young Democrats] representatives last year, mostly lacks the amendments to the 1992 budget law.

It is well known that IMF representatives refused to enter into negotiations with Hungarian experts about this year's budget because the primary function of this year's measures would be to lay the foundations for next year's budget deficit reduction. One cannot rule out the possibility, however, that the government has failed to submit the amendments to the 1992 budget law precisely in order to relieve somewhat the 1993 budget. In June, official government deficit estimates amounted to only 170 billion forints, even though some experts had predicted a 220-to-230-billion-forint deficit at that time already. On the other hand, appendixes to the 1993 budget bill introduced last week indicate that based on so-called expected actual figures for 1992, this year's deficit would amount to 198.4 billion forints. This projection was made despite the fact that the state treasury would utilize 35 billion forints instead of the

originally planned 20 billion forints from privatization revenues, and despite the fact that a 10-billion-forint cutback during the year in the funding of centrally budgeted organs "that serve civilian purposes" is yet to be authorized by law. (In contrast, who knows why, the total amount allocated for defense and other armed services remained intact.)

During last December's 1992 budget debate almost every party objected to the use of privatization revenues for budgeted purposes, and it appeared during debate over next year's principles that from the representatives' point of view, it would be permissible for the government to use privatization revenues for accumulation purposes, should it want to do so. The government presents the 1993 budget deficit as smaller than it really is based on the following: For example, it plans to finance the 12-billion-forint employment fund by yielding privatization revenues for that purpose, and it is trying to finance agriculture and the crisis zones by using 4 billion forints for each from two foundations funded by privatization revenues. Even as things stand today, the State Property Agency [AVU] funnels 5 billion forints directly into the central budget, and uses an additional 14.5 billion forints to finance its own operations (1.5 billion), expenses related to privatization (7 billion) and the costs of guarantees and warranties.

One could say that even this way Mihaly Kupa has presented a "tough" 1993 budget plan. He had no other choice. Had he wanted to respond to international expectations by reducing next year's deficit by 10-15 billion forints below this year's deficit level while the national economy is incapable of recovering from the recession, but while state functions also expand as a result of the recession (there will be between 900,000 and 1 million unemployed people and 2 million poor people, according to advance indications), there would be no alternative but to increase taxes, and to cut back on the funding of state functions performed before. At least this much has been revealed by the proposed 1993 state budget. Despite the fact that the inflation rate is, presumably, going to drop to between 16 and 19 percent, the centrally budgeted institutions and local governments are not going to receive more funding; all they are going to receive are funds sufficient to cover wage increases and development projects throughout 1993 as authorized in 1992. Nevertheless the government has decided to fund development projects in four areas: It would "allocate 6.4 billion forints to support higher education, 18 billion forints for a higher level performance of national defense and interior functions, and 13.5 billion forints for the introduction of the social welfare law" in additional funds, and 4 billion forints to support the agricultural market.

All this would become feasible by increasing consumption-related taxes by one third of the amount of this year's similar taxes, or 120 billion forints, and by increasing personal income taxes by 55 billion forints. This approach is being taken because the government has declared entrepreneurial ventures as more or less

protected from additional taxes; it does not intend to change the corporate tax law, while plans call for reaching deep into the pockets of individuals, and to also "do what is fair" insofar as local governments are concerned.

Accordingly, the government plans to take unpopular steps next year, but short of a comprehensive state household reform, the idea behind being tough is not quite clear. As Laszlo Bekesi (MSZP) [Hungarian Socialist Party] said during debate over the budget principles, he understood the budget data as an intention to "support next year's economic priorities by a political endeavor from which this country should be guarded. Notably, from following the path taken by the South American countries. Just watch: a strong state administration, a strong military, a strong police—and thereafter social tensions can be resolved by the use of police force," he said. For example, plans call for the Interior Ministry's Data Processing Office (this ministry's exclusive information center) to be able to spend 1.1 billion forints next year, while all the money to be appropriated to the Central Statistical Office [KSH] would amount to a 1.4 billion forints altogether. And the state would support the welfare institutions of the Interior Ministry by only 100 million forints more—850 million forints—than what is being slated to be appropriated to the National Recreation Foundation.

Representatives might cut the projected amounts to be granted to state administration, the military, and the police as a result of the three-month parliamentary debate, and they might also curtail the funding of other ministries in order to place a lesser burden on the populace. While debating the principles of the 1993 budget it became apparent that not even one party could support the budget as presently perceived. Pal Becker, for instance, rejected the priority status of increasing defense-related expenditures on behalf of the MDF [Hungarian Democratic Forum] itself, the majority party.

Accordingly, one cannot rule out the possibility of the ruling parties and the opposition joining together this year to mold a better-composed 1993 budget. Such endeavors can already be seen at the Social Welfare and the Health Care Committee. Incidentally, opposition representative have already stated that have not ruled out the possibility that the financial feasibility of the 1993 state budget had been built on a sand castle, upon the assumption that savings would increase. If this were true, the state budget could collapse next year—a state budget supposed to channel more than half of the savings into various securities issued by the state. The state is planning to issue securities amounting to at least 285 billion forints to cover next year's deficit; they would transform a portion of the state's indebtedness stemming from the forint devaluation to be defined by 30 April 1993, into state securities; social security could issue bonds; and the banks' noncollectible receivables estimated to amount to 150 billion forints would also be exchanged for securities issued by the state. The huge

supply of state-issued securities could easily depress their prices, as a result of which the state's indebtedness would inflate on the one hand, nevertheless, on the other hand, this question would also arise: How should the state budget deficit be financed next year?

[Box, p 8]

Green Budget

Two economists, Karoly Kiss (Global Economic Research Institute) and Laszlo Pavics (Ministry of Finance), presented a seemingly popular idea last week: They recommended a 35-billion-forint reduction in personal income taxes on grounds that one should preferably tax products that damage the environment rather than income. To offset the income-tax reduction they would increase taxes on products and services whose use harms the environment or stimulates the waste of natural resources. Copies of the "green" concept based on data contained in the "official" budget have been forwarded to the parliamentary Committee on Environmental Protection.

In order to reduce consumption, the framers of the green budget propose to increase the general sales tax rate on water and energy resources from the planned 8 percent to 25 percent, so that 1 billion forints of excess revenues from fuels amounting to 11 billions forints would be used for social welfare compensation, while the full amount of 3.1 billion forints in excess sales taxes levied on drinking water and sewage services would be given to local governments on a competitive basis to be used for public utility development purposes. In addition to increased consumption taxes and general sales taxes, the "green" budget also calls for a further 5 forint per liter tax on fuel consumption (all in all, the price of 98-octane gasoline would rise from today's 69 forints per liter to 92.5 forints, instead of 74 forints, as proposed in the government's version of the budget). Excess revenues amounting to 21.5 billion forints would materialize from the green gasoline prices—including the expected 10-percent drop in gasoline sales; 7.5 billion forints of this amount would be paid to MAV [Hungarian State Railroads], agriculture and mass transportation, while the remaining 14 billion forints would be used to finance the social security deficit.

The other essential element of the "green" budget is the so-called product tax to be levied on disposable packaging materials, (the amount of this would be e.g., 40 forints after a two-liter plastic bottle). Considering the amount of tax levied and the reduced sale of disposables, excess state revenues amounting to 9 billion forints would materialize (3 billion forints of which would be used for encouraging the use of multiple-use packaging materials). Containers operating with freon that damages the ozone layer would be subject to a 50-forint

product tax; the framers of the green budget expect to allocate 5 billion forints from these revenues to accelerate the proliferation of products using air pumps.

Based on the green budget the Ministry of Transportation would grant 3 billion forints' worth of transit discounts next year, as compared to the 21 billion forints of discounts granted this year. Five billion forints of the excess revenues would be returned to MAV to develop combined truck/rail transportation (piggyback) that is gentle to the environment.

The proposed budget would not spare Hungarian industry either: The more or less 1 million metric tons of red mud waste created in the course of manufacturing aluminum oxide would be subject to a 1-billion-forint product tax, while the sale of cancer-causing asbestos products, "paint and lacquer products harmful to the environment" would draw a 10-percent product tax. The latter tax would total 600 million forints. They would also tax foam insulation and packaging materials manufactured with freon, producing 1 billion forints in revenues. Instead of land taxes that produce less than half a billion forints, the green budget would levy a 10-percent product tax on fertilizers and insecticides, yielding 3 billion forints in state revenues.

Consumers could protect themselves from having to pay "ecotaxes" by changing their buying habits, according to the authors of the study funded partly by the state and partly by environmental organizations. It is not certain, however, whether branches of the economy struck by green taxes could survive this environmentally gentle therapy, and whether the quick increase in the number of environmentally gentle entrepreneurial ventures could absorb workers put out on the streets, as assumed by the authors.

Causes, Effects of Agricultural Crisis Analyzed

93CH0033A Budapest FIGYELO in Hungarian
24 Sep, 1, 8 Oct 92

[Article in three installments by Aladar Sipos and Peter Halmai: "Agricultural Economy: The 'Success Branch' in Crisis"]

[24 Sep pp 1, 21]

[Text] A blue book entitled *At Halfway Point*, released by the press office of the Office of the Prime Minister, has this to say about agriculture: "The 1991 agricultural production indexes are favorable as compared to the averages of previous years, primarily because of the good weather. The surplus produced became commodity supplies to be exported, provided record high export revenues, and enabled the achievement of a positive trade balance within the agricultural branch." This three-part serialized article lets us see what there is behind this statement.

Gross Agricultural Production (at 1988 annual prices)			
	1989	1990	1991
Agricultural products	301	290	282
Other basic functions	36	35	30
Other than basic functions	137	102	64
Total Gross Production	474	427	376

A crisis exists! The symptoms of a latent crisis could already be seen in the early 1980's, perhaps even earlier. In recent years the latent crisis increasingly turned into an open and comprehensive crisis.

Crisis phenomena can be demonstrated in five main areas: in a market crisis, an increasing shortage of income, disturbances in the system of relationships, institutional erosion, and in a "framework" that graces all of these: the deepening recession.

Gathering Clouds

Agriculture has already faced an increasingly tough sales barrier ever since the late 1980's.

Despite this, the 1991 value of Hungarian agricultural and food exports valued at \$2.7 billion set a new record. This, however, does not, by far, provide a sufficient reason to be satisfied.

In reality, exports resulted from an economic constraint due, in part, to the termination of ruble accounting, and in part because of reduced domestic consumption. On top, export prices did not even cover the cost of production. Simply put, although it is true that the food economy has achieved record export levels, the price to be paid for this was the consumption of assets and the loss of operating capital.

For example, within the total 1991 sales revenues of industry branches involved with animal products (meat packing and poultry industries) the ratio of exports has significantly increased, but along with that short term obligations have also increased and the net financial balance has deteriorated. Last year their indebtedness amounted to more than the value of all their assets. Simultaneously, the slaughter of the animal stock continued relentlessly; this appeared as a positive "result" in the short term, but it also caused more than 80 percent of the losses in large plants, i.e., losses amounting to almost 20 billion forints.

Accordingly, the record export performance levels were, by no means, the results of some marketing strategy that promised long-term success.

Decline

Strong differences in income between the various sectors, restrictive budget policies, and unfavorable changes in monetary policy led to an increasing disparity in personal income and to an accelerating disintegration of capital. As compared to the reduced value, the ratio of net accumulation has already significantly declined beginning in the early 1980's, just as investment has. Last year the value of investment in constant prices has not even reached the 16.7-billion-forint amortized value. Considering actual procurement costs and the composition of fixed assets, twice this amount should have been invested for simple replacement alone. In terms of the valorized cost of implements, the replacement of implements needed to perform basic activities has already come to a halt during the first half of the 1980's.

The thus far latent institutional structural crisis of the Hungarian agricultural economy, and the excessively polarized, low efficiency of the nonmarket based agricultural structure became apparent.

A long-term privatization strategy based on economic rationale has not been announced to this date. The instability of the ownership system is well illustrated by the fact that the land law remains unresolved to this date. The kind of system that could evolve has not become clear even after the adoption of complex compensation, cooperative, transitional, etc. laws. Uncertainties are not only accompanied by constant pressures created by amendments to legal provisions; they also harbor opportunities for arbitrary actions inconsistent with the requirements of a constitutional state (such as the arbitrary seizure of land, etc.).

The Subject of Bargaining

The thus-far functioning system of relationships, burdened with more than a few distortions, has also been upset. Information related to ownership weighs most heavily in interpersonal relations within the partly renewed leadership elite. Who can become an owner is increasingly becoming the subject of bargaining.

The slowness of transforming the entrepreneurial structure also has something to do with the general lack of confidence and with the cautious, wait-and-see attitude. The claimed entrepreneurial boom, also supported by certain figures, amounts to a semblance only. Most of the 10,000 individual or unincorporated farming enterprises founded in 1991 had probably operated before as parts of enterprises (cooperatives) or under individual management. The registration of these enterprises as firms was prompted primarily by the changing rules for refunding sales taxes.

As a whole, this group of entrepreneurs produced losses, and its assets have also diminished. Accordingly, the declining pace of growth comes as no surprise. Other farming enterprises incorporated themselves in response to mandates to transform companies that had been established earlier by the previous, simpler, farming enterprises. A decisive part of these corporations, however, is not engaged in agricultural work.

Considering the above, one cannot regard this as a qualitative change in the agricultural structure.

Uncertainty is increased by the forceful political slant given to agricultural issues. Instead of well-considered crisis management, occasionally shaky improvisations and methods of procrastination over crises, known from before, have come to the forefront in the agricultural economy.

One element of the institutional erosion is the general campaign of no confidence in enterprise managers, one that generally questions the suitability and legitimacy of leaders; this campaign is frequently filled with political overtones and personal motives, and is sometimes based on passions. The delayed settlement of ownership issues also prevents the resolution of issues pertaining to the legitimacy of leaders. On top, in changing the leadership of state-owned enterprise managers, professional considerations were not the only ones that prevailed.

Under these circumstances it comes as no surprise that the earlier structure is being changed in a destructive manner. Part of the leadership stratum in the food economy can neither assume responsibility, nor help people adapt to the new situation in the farms they manage.

Discrepancies in Proportions

After peak performance by farming enterprises in 1988, performance has stalled, then increasingly began to decline.

This manifested itself in a 10-percent decline in performance in both 1990 and 1991. In bulk prices, all this amounted to a shortfall of 100 billion forints worth of gross production, a decisive part of which (85-90 percent) would have been the result of the so-called other than basic functions. The category of "other basic functions," including agricultural services, forest management, sowing seed and fodder production, have also declined greatly at the enterprises. In 1991 this decline amounted to one-sixth of the level of production two years earlier.

As a result of these changes supplemental activities lost their earlier "lead role." For example, last year the value of plants produced by farms exceeded the value produced by so-called supplemental activities by between 1 and 2 percentage points.

**Profitability Index of Agricultural Small Production
and of the Agricultural Enterprise Sector
(Gross Income as a Percentage of Sales Revenues)**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Small farms	30	29	28	29	30	33	38	34	35	36	29	19
Large farming enterprises	21	18	21	19	19	18	18	18	17	17	14	12

The 5-6 percent reduction in agricultural production came about along with a decline in the performance of large farming plants, and advances made by small producers.

In 1989, farming enterprises contributed 62 percent of the total agricultural production; the ratio was 56 percent in 1990, and somewhat less than 50 percent in 1991. This trend could hardly be attributed to a tendency among private producers to increase production. To no small extent, this shift in ratio may be attributed to the performance of previous work units that have left the large agricultural plants. It would be difficult to perceive a situation in which a further decline in farming enterprise production could be replaced this way in the future.

The extremely unfavorably business environment in which farming enterprises operate does not favor the start of new private enterprises either.

Structural changes in agricultural processes take place rather slowly. No structural policy, whatsoever, exists to guide or support the production structure. What we see is more like a drifting process, two elements of which must be pointed out. One of these is a slow-paced change in the production structure in the direction of extensive farming, the decline of animal breeding and an increase ratio of grain and industrial plant production. The other

element is the market let loose that strikes agriculture with a brutal force, and the cyclical movements that gain strength as a result of the state's inability to act in regard to regulating markets.

Wasted

Declining financial resources suggest further reductions in production. For example—and this is a somewhat new phenomenon in Hungarian agriculture—the area of land left uncultivated, gone to waste is on the increase. (This kind of land area amounted close to 500,000 hectares in the spring of 1992.) In essence, one could also raise questions about the elementary function of soil cultivation, because by 1991 the use of specific fertilizers (counted in terms of the strength of various agents) has dropped to one-fifth of the 1985 level!

The deterioration of the genetic potential caused by the use of inferior breeding animals, and of low performance sowing seeds causes a particularly large problem. Due to this forced thrift in management the net production index showed better results than the gross production index, of course. The fact that changes in current prices do not permit the accomplished "excess efficiency" to prevail is yet another matter. What seems to be an improvement in efficiency is none other than a phenomenon that accompanies the downscaling of this branch of

the economy. Based on the above factors one could say that stagnation is being increasingly replaced by recession. All this is accompanied by increasing employment tensions.

Last year the outflow of the agricultural labor force—to use this nice professional term instead of “unemployment”—has increased at a rapid pace. In 1991, for instance, the number of persons engaged in agricultural activities has dropped by 137,000. As a result of these changes the number of people working at farming enterprises has dropped to 440,000, or barely more than half the number of persons who had worked at farming enterprises a decade ago. (Not even the most critical industrial branches experiencing the greatest of difficulties could “brag” about this large a reduction in force in 1990-91.)

The mass bankruptcy of enterprises, and the varied, unpredictable effects of privatization could further intensify these employment problems. The problems are only increased by the fact that increased industrial unemployment strikes primarily the commuters (i.e., employees commuting to workplaces from villages).

What we have described thus far clearly demonstrates that agriculture is not experiencing an unfortunate coincidence of temporary problems or frictions that necessary accompany the system change, a situation in which signs of progress and renewal can already be seen beside the temporary problems. An analysis of the crisis phenomena yields a far more clouded view. The agricultural crisis that has been latent for at least a decade and a half, is breaking through the surface in an increasingly overt form.

Instead of a qualitative surpassing of the previous agricultural system as a result of organic development, we are threatened with total disintegration, shattering the foundations of the system.

[1 Oct p 23]

[Text]

Dangerous Trends

The deepening crisis of the agricultural economy could catapult this branch of the economy on new, dangerous tracks. Three of these must be pointed out: the continuation and perhaps growth of lasting uncertainties in the marketplace; the lasting instability of the agricultural structure; and, finally, the possible evolution of a chronic agricultural crisis.

Although it is Hungary's declared goal to attain full membership in the EC, the time when this will take place does not appear to be in the near future. Most likely, West European leaders would not want to further aggravate the influential West European agrarian society, already dissatisfied with the transformation of the European Common Agricultural Policy (CAP), by fully integrating the East-Central European countries. The rhetoric heard relative to becoming associated with the EC must not blur the fact

that our outsider status has not changed even if the European Agreement has been ratified.

The Green Box

Although our chances of reaching European markets have improved as a result of the agreement, we must not forget about the restrictive character of the concessions made, about continued, strong European protectionism, about increased opportunities to import, and, finally, about the uncertain feasibility of customs duty and “skimming” benefits.

The agreement on association itself does not guarantee any significant additional export opportunities. The significant increase in our agricultural exports to Europe can be explained primarily with constraints presented by the real economy and with export produce that could not be sold elsewhere, rather than with an improvement of our chances to reach markets.

Although international trade policy negotiations continue, and although partial results are certainly going to be produced, from a practical standpoint one cannot count on a drastic decline of protectionism and on a breakthrough by liberalizing trends. Based on the GATT negotiations one could much more expect a restructuring of subsidies. Direct payments from the “green box” are going to increase to the detriment of direct market subsidies.

In addition to unpredictable political disturbances, the economic crisis, and civil war, one cannot find trading partners in the former Soviet region who remain solvent in the long term. Potential clients would certainly be prepared to accept food shipments on credit or supported by state guarantees, but they are not interested in food imports payable in free foreign exchange. And in the spirit of “business is business,” those who disburse Western aid try to break down prices by soliciting competitive bids. Possible barter trade is restricted by the lack of convertible commodity supplies.

And then there are the former socialist countries. Due to reduced domestic consumption, a decline in animal stock, foreign exchange constraints, etc., Western predictions suggest that these European countries are going to be able to export significant quantities of agricultural products in the 1990's. All this could strengthen protectionism in the West, would create dangerous competitors for Hungarian agricultural products, and would render the possibility of a customs union with the former socialist countries more difficult.

Dual General Sales Tax Rate

Although the volume of imported food products does not amount to much, the market-disturbing effect of certain products can already be seen. The Hungarian agricultural economy does not have an appropriate defense mechanism against imports, and Hungary's import

licensing system is objectionable from GATT's standpoint. Concerns about foreign goods entering gaps created by the cyclical movement of Hungarian production and taking hold there are not unjustified.

Based on all this one could venture to say that the foreign market perspectives of Hungarian agriculture are not going to become more favorable in the coming years.

Another threat presents itself if we are able to keep our agricultural products on the market only by making further, heavy capital investments or by receiving significant state subsidies, even if the volume of exports decreases. Unfortunately, a gradual erosion of the export surplus is conceivable in response to the decline of Hungarian agricultural production.

The domestic food market of the upcoming years is wrought with no less uncertainty. Under no circumstance could one count on a truly significant increase in real income before the middle of the decade.

Demand in the domestic market is also going to be chilled by the dual rate general sales tax to be introduced in January 1993.

Many believe that the rapid development of procedural rules for the agricultural market could be a key factor in resolving many of the disturbances discussed above. Allocating excessive authority to the government, however, could reduce confidence placed in real opportunities provided by such procedural rules. Opportunities for state functions are certainly more limited than the way we perceive those today. The broad application of guaranteed prices and direct purchases of agricultural products by the state require high level funding by the state budget, and the effects of such actions have not been sufficiently thought through. (For example, the West European rules of procedure, which provide a broad array of means and opportunities for intervention that cannot even be compared to what we would be able to do, does not permit guaranteed milk prices, or the buying up of milk by the state, etc.)

Insofar as financial dimensions are concerned, the purse that regulates the markets requires between 8 billion and 10 billion forints in supplemental budget funds for 1993. It appears that agricultural policymakers are not aware of the fact that the functions of rules of procedure are different when crises have to be managed, than in periods when stable structures exist.

One cannot rule out the possibility that the agricultural structure splits into two segments: farms that serve basic household needs, and another group of farms that produce goods for sale. In the course of such transformation, small farms providing for household needs, and which concentrate on local connections, would be left entirely outside the purview of a regulated market, and this would greatly deteriorate their efficiency.

The new ownership system whose outlines can now be seen is also burdened by significant structural problems.

The high ratio of nonagricultural land ownership in Hungary, and the consequences of retired agricultural workers acquiring property, if such property is inherited by persons who have moved from the village or are not engaged in agricultural work, is unprecedented in Europe. The acquisition of property by outsiders causes problems not only in regard to landed property: In many cooperatives most capital goods were acquired by retirees and their heirs. This, in turn, presents the threat of a continuous withdrawal of income from agriculture. All this in addition to the fact that expenditures incurred as a result of using the land or capital has also fueled price increases, thus jeopardizing the possibility of modernizing agriculture.

The large number of liquidation and bankruptcy proceedings, moreover, the potential evolution of an even broader bankruptcy wave, would only increase structural instability. At the minimum, 60 percent of agricultural organizations filing for bankruptcy are unable to avoid being liquidated.

The situation of the meat packing, poultry and canning industries seems virtually hopeless. The long-term and short-term obligations of these enterprises substantially exceeded the value of assets they owned, at the same time their final balances, viewed as proportions of their assets, ranged between - 11 and - 29.8 percent.

Impoverishment

As a result of all this, the evolution of a new agricultural ownership structure is becoming more difficult, and the existential uncertainty of farming enterprises and entrepreneurs increases. There could arise a shortage of basic food supplies. Branches of industry tied to the food industry could experience crisis, unemployment could grow at a faster pace, etc.

One need not even mention that privatization is already in an advanced stage in the more profitable segments of the food industry. Nevertheless, to this date, the government has not succeeded in developing a food industry privatization concept that is consistent with the requirements of economic competition and market development. Only the raisins were picked as a result. Foreign investors acquired the state revenue producing, and the most profitable enterprises and branches of industry.

Although this could be advantageous from the standpoint of raising capital in the future, modernizing technology, etc., there no longer is an assurance that the interests of agricultural raw material producers are going to be enforced. Moreover, in the course of privatization the domestic monopolies were also salvaged.

Upon the conclusion of the agricultural transformation process, and when the evolution of a new type of cooperative farming is complete, a large number of cooperative workers are likely to lose their jobs. People losing their jobs—and this applies not only to members of cooperatives but also to other groups of unemployed villagers—will try to save what can be saved and might sell below market value their business shares in cooperatives, their compensation vouchers and even their landed property. Accordingly, one cannot rule out a quick concentration of property following the excessive fragmentation of property.

The evolution of these trends could draw serious consequences: Certain groups of entrepreneurs and cooperative management groups could certainly acquire concentrated property, while a significant part of the agrarian society could, at best, serve as hired labor after losing its property, and with that its workplaces. One must recognize clearly: The loss of property by a significant segment of the village society, the consumption of the existential foundations of this society could produce forms of impoverishment not even conceivable today, a situation that could lead to many places, except to Europe.

[8 Oct p 23]

[Text]

Opportunities for Breaking Free

In many respects, the crisis has paralyzed producers, and has placed them into situations of increasingly greater dependence. This is very dangerous! A shaken agricultural economy could produce unpredictable economic, social, and even political consequences. A successful crisis management, however, must also adapt to the transformation of the structure.

The shortage of money and the threat of bankruptcy represent real threats in functioning market economies, at the same time, however, these factors also impose constraints on adaptation. But if these factors prevail in mass proportions, in a way that farmers are unable to protect themselves, the shortage of funds and the threat of bankruptcy no longer stimulate adaptation, but instead paralyze farming. In the vicious circle of capital shortage a significant number of Hungarian agricultural producers is unable to apply new combinations of resources today, to convert capacities or to implement turnkey developments. Nor is "thrift," insofar as the use of inputs is concerned, a consequence of considered judgment, but much more of an unstoppable process of drifting.

On occasion one also finds some malicious glee, on grounds that the drastic bankruptcy of the agricultural system to be transcended would render unavoidable a new structure based decisively on family farms. This logic is flawed, however: On the one hand, the difficulties experienced by new entrepreneurial ventures are huge, while on the other hand, it could hardly be questioned by those familiar with the Hungarian agricultural structure and with the international experience that only

a combination of a plural system—i.e., a combination of part time, vocational family, and large plant farming—could produce a viable agricultural structure. The logic of "the worse it gets the better off we are" cannot be accepted as a professional view, to put it mildly....

The question then arises: What could economic policy, and within that, agricultural policy do about this? The task is incredibly complex and unprecedented in history. No direct patterns that could be followed exist because of the transformation and the simultaneous crisis character of the situation. For this reason, we did not intend to enumerate a complete list of tasks to be performed. All we agreed to do was to grasp the factors that appeared as decisive from the standpoint of short-term crisis management.

At least some excess liquidity is required already in the short term to avoid the threats of a deepening crisis, an acceleration in downscaling, and of the accumulation of processes, and to render the agricultural economy functional. By logic, this could be achieved in two ways: One would be a significant amount of supplemental budget support. The possibility of such support is rather limited under the given macroeconomic conditions. Therefore, in reality, only the other path is worth discussing, one that would use other means to improve the capacity of agricultural production to produce and to realize income. Even in the short term it would be possible to take steps in the areas of agricultural credit and commerce that could relieve tensions in this branch of the economy.

By introducing forceful commercial policy measures and by building markets one should endeavor not to permit food export positions to deteriorate, but instead to allow these to even expand modestly. More modern commercial forms, the means by which the market is regulated, and possibly some targeted and well-defined social programs aiming for additional food sales could stabilize domestic demand.

The agricultural market rules of order should also concentrate primarily on crisis management. But in stabilizing the market, along with the costly rules of order that might not be possible to finance, one should primarily use certain other means, such as turning warehouse receipts into negotiable instruments, or subsidizing private storage undertakings, etc.

A not insignificant part of resources that could be obtained for agricultural market purposes should be used for purposes of market development, the improvement of market structures, and the development of market institutions.

Among these, the evolution of institutions which strengthen the bargaining power of agricultural producers are of particular importance, e.g., support for communal marketing or sales by groups of producers. A transformation of this character of the institutional system would most certainly also reduce differences between agricultural and industrial product prices.

Insofar as financing agriculture is concerned, one possible—at least theoretical—solution could be for the state to significantly subsidize interest rates and to guarantee loans. Commercial banks would manifest a greater interest in the agricultural economy as a result. Such opportunities, however, are limited due to the budgetary situation and problems of imbalance in the national economy.

Based on all this, while not rejecting the possibility of preferential loans either, we must endeavor to find special solutions. For example, a significant part revenues flowing from the privatization of the food economy should be reinvested into a loan fund for agricultural purposes. Like in the case of the agricultural entrepreneurial guarantee fund, all foreign aid resources should be taken advantage of. These resources must be used primarily for the development of a village banking network; in this regard the establishment of specialized agricultural banks should be preferred.

The establishment and development of agricultural credit unions should be supported by granting tax benefits. In exchange for preserving work opportunities, the situation of producers who had lost their credit worthiness could be settled by forgiving certain loans and accumulated arrears in tax and social security payments. Relative to commodities traded on the exchange it would be important to make arrangements for the financing of transactions, because that way the otherwise not credit worthy farmers could also feel secure in producing saleable commodities. Relative to these commodities one could also perceive of state credit guarantees and the use of public warehouse receipts.

As a result of the above-mentioned changes collateral could also perform its appropriate function. To accomplish this it would be necessary to appropriately calculate the collateral value of land, to transform the real property recording system, and for the state to provide initial financial resources for a land collateral institute. It would be important to establish conditions for the issuance of mortgage notes related to land, and for the encouragement of demand for mortgage notes by granting tax benefits.

As a result of all this, the liquidity of the agricultural economy would increase even in the short term: the banking costs of current financing would be reduced and the ability of the agricultural branch to borrow money and to attract capital would improve.

Compensation vouchers should be utilized in the course of bankruptcy management. The reorganization system should be developed further and the conversion of notes held should be accelerated. In the course of regional crisis management, the expansion of employment, structural policy, and regional support programs should be emphasized.

Undoubtedly, a majority of the above solutions has already been placed on the agenda, nevertheless, it seems, that these solutions did not become part of some

deliberate agricultural policy concept based on consensus, but instead were mutually independent actions of "fighting brush fires."

TV Reporter on Cleansing Communications Media
93CH0012B Budapest 168 ORA in Hungarian
22 Sep 92 p 3

[Editorial by Henrik Havas: "Before and After the Siege"]

[Text] The administration of justice must be as expeditious as possible. Because if the offender is not put behind bars in time, every day he spends unpunished fosters hope in him that he can avoid punishment, that his deed will remain unpunished. Of course, the delay causes the greatest damage in the trust of those unpunished [as published] citizens who, seeing that crime does not earn its fitting punishment, first only shake their heads, and later decide that if there is no other way, they have to administer justice themselves. The passing of time does not favor the administration of justice, anyway. Evidence and witnesses are less easy to find, and even if the outrage about the crime does not vanish without a trace, the eagerness of investigators subsides, and a moment can come when the emotion reduced from hate to apprehension can elicit no more than a gesture of resignation.

In my personal experience, however, there is another monumental danger in remaining unpunished: Namely, the increasing impudence of criminals who were let off. Their audacity is a personal insult to the innocent; the greater problem is, however, that they lurk about until some robbers are promoted to cops.

Back in the summer, I participated in a background discussion of an exclusive circle of experts. One of my well-known colleagues who came to the paper closest to the present government from the former semiofficial government paper now felt it was time for him to counsel the government. I am quoting him verbatim: "If a negro chieftain wants to obtain power in Africa, his first act is to occupy the radio and the television. I do not understand what the government is waiting for." In essence, my colleague said: If you want power, or if you already have it, you cannot give up the two most important electronic media. From history we know that the Bolsheviks were thinking in a similar way, and it is also likely that written communication is unimaginable with illiterate tribes.

What is the situation at home? Since I only know the newer history and the present state of the radio, this is what I can form an opinion on.

The radio does not have to be occupied, because it has already been occupied by democratic forces a long time ago. In view of the latest demonstrations it is also worth noting that all this occurred without a siege. The gates of the radio were indeed opened from within. The former populist-national and liberal opposition walked through the Pagoda [the building of the radio] into the studio and from there into the homes of the listeners with the help

of programs like ELSO KEZBOL, BAGOLY, 168 ORA, and other similar programs. The formal transfer of power occurred when the director who had been appointed back in the times of the one-party state was replaced by the new director designated by a consensus of six parties. Of course one cannot claim that there are no problems in and around the institution. Many people claim that there is a political struggle which makes the operation of the radio just about impossible. In my opinion, this is not so much a political struggle, but a professional one.

Though it is true that the gates of the radio were opened from within, and for lack of a real siege no blood was spilled, still, there was a state of siege. Let us recall that Karoly Grosz, the first secretary elected to replace Kadar, and Janos Berecz held out the prospect of a thorough cleansing "in order to eliminate the hostile, counterrevolutionary ideological center which developed in the radio." Thus, a state of siege developed and resulted in chaos. It was not easy even then to clarify who belongs where, who were the besiegers and who were the besieged. The gate-openers also belonged to at least two camps according to their political affinity, familial background, or just personal sympathies. There were perhaps more radio personalities connected with the bourgeois opposition—today we call them liberals—and less connected with a populist-national ideology. The formation of the lines of force in this way was no accident. The radio personalities criticizing the structure of the one-party state could attack from two fronts: On the one hand, they could raise their voices against the one-party state, and demand the most complete possible assertion of human rights; on the other hand, one could, and had to, bring up the politics ruining the nation, called internationalist politics, which was insensitive to the Hungarian minorities beyond the border. It happened in the most natural way that a program or an editor, even if he first tried to represent both positions, sooner or later chose either the populist-national or the liberal platform. From this situation a direct road led to the time of electioneering when the individual parties wanted to, and were able to, count on the support of programs or radio journalists who sympathized with them, no longer in the struggle against the common enemy, but in a campaign against their former allies. This is how the camps were created. This is how the Hungarian Radio was divided—in a manner which was not inevitable.

And now let us talk about the impudent. In the chaos of a siege, not everyone holds up his hand and marches singing into captivity! Many gather under a flag, and the more ingenious can even change colors in order to adeptly fit into the army of the winner at the lineup after the siege. The first moments are still suitable to expose deserters, but this possibility dwindles very soon. It dwindles because new struggles are beginning and the turncoats perform new services. And as time passes, it becomes more and more inconvenient for the former victor to hold a revision of members. According to experience, the unclarified situation favors those who in

normal conditions would not even be able to put in a word, or would have to leave.

Who are favored by political chaos? Those who can prolong their professional existence in precisely this way, who exchange political favors for professional achievement which they cannot attain.

What should happen then to the radio under renewed siege? It is not an easy task, but it can be solved. The witnesses are still there, the documents are still there, the tapes are in the archives; with the help of these we should finally have a roll call and open the gate again through which one could enter, but one could also leave.

Proposed Law on Statistics Discussed

93CH0013A Budapest HETI VILAGGAZDASAG
in Hungarian 26 Sep 92 pp 101-102

[Interview with Janos Lendvai, deputy chairman of the Central Statistical Office, by Gyorgyi Kocsis; place and date not given: "Statistical System: A Foraging Way of Life"]

[Text] *The Central Statistical Office [KSH] is trying to respond to the pressures to modernize amid a barrage of urgent calls for the self-knowledge of a society and an economy in the process of transformation, the demands for well-founded government measures, and the criticism of citizens who want to exercise their right to obtain information. On the occasion of the Second National Statistical Conference we asked Janos Lendvai, deputy chairman of the KSH, about several important details of the draft of the law on statistics which provides the backdrop for the institution's operation.*

[Kocsis] To what extent is the draft of the new law on statistics more suited to the demands of political democracy and a market economy than the old one?

[Lendvai] The law on statistics can only be adapted to the demands of political democracy together with the law on the protection of personal data and the public nature of data of general interest. The government passed and submitted to parliament for discussion the draft of both laws. However, because the law on the protection of data requires a two-thirds majority and is expected to face a lengthy discussion in parliament, ostensibly we cannot expect that the law on statistics will be passed this year. One of the important new elements will be that an obligatory collection of data on natural persons can only be ordered by law, while the collection of other data, especially those in connection with enterprises, can be ordered once a year by the government in the framework of the so-called National Statistical Data Collection Program. At the same time, the right of ministries and other organizations with national authority, such as the KSH, to request on their own authority obligatory data from anyone will be terminated. In case of any unlawful abuses, the data protection commissioner—a new official of the ombudsman type—is obliged to take measures. Incidentally, the draft of the law also restricts the kind of data natural persons

are obliged to supply about themselves; for instance, data on health and religion cannot be requested from anyone unless it is supplied voluntarily.

[Kocsis] Statisticians regularly mention "requests for information." Who does the KSH regard as "requesters?"

[Lendvai] Many people apply to the information service of the office: entrepreneurs, researchers, journalists. This is one of our important sources of statistics on the request for information. Of course, being a government office, we also must fulfill the government requests. For instance, we recently prepared statistics on bankruptcies to fulfill such a request. We receive many requests from parliament, as well—most recently, for instance, in connection with the draft of the welfare law. Last, but not least, we are trying to follow the foreign practice of statistics.

[Kocsis] If the KSH remains a government office in the future, what will guarantee that its data and interpretations are unquestionably objective and independent?

[Lendvai] Though it is true that the KSH legally belongs to the government, the draft of the law on statistics emphasizes that the office is completely independent in its activities. The law guarantees that the director of the office has complete freedom in organizing the operation of the institution. Of course, the leadership will have to be able to withstand every outside pressure.

[Kocsis] How does the KSH keep a balance between two equally important requirements: the protection of data and the obligation to provide information? Will there be a regulation about which data will have to be made available when, where, and to whom?

[Lendvai] On the one hand, according to the draft of the law, the KSH cannot supply individual data to anyone, but rather only aggregated, combined information from which the data of the individual informants cannot be deduced. On the other hand, it will be able to receive individual data from other data collecting organizations to process these in an aggregated way—for instance, data from the tax office for the account of the national economy. However, there are serious prerequisites for the latter: Several laws including the supply of data must be modified, and they must include that the data supplied on the basis of those laws can be used for statistical purposes. On the other hand, beyond individual data, everything else is public according to the law. Moreover, in certain cases data regarded as "individual" will be declared of public interest. For instance, the number of Hungarian telephone lines will have to be published even if it is obvious that "individual" data can be deduced from it concerning Matav.

[Kocsis] Does anything restrict the government, for instance, from forbidding the KSH to publish certain adverse macroeconomic data, or from prescribing that these be "beautified?"

[Lendvai] The obligation to provide objective information precludes this. For instance, the government

ordered the KSH to publish the most recent consumer price index by the 15th of each month. The Office of the Prime Minister receives this two hours earlier, followed by the press and the public. The government has only enough time to prepare for the questions, but not to interfere in our affairs.

[Kocsis] Is there no danger in the fact that, as is contained in the draft of the law, the government has the right to order an obligatory collection of data?

[Lendvai] This proposal was developed by coordinating several considerations. On the one hand, one must stop decentralized collection of data, where every ministry has the right to "bother" the entrepreneurs with a request for the same data. For instance, currently the Ministry of Labor, the Ministry of Agriculture, the Industrial Ministry and the KSH all collect data on employment. By stopping the collection of overlapping or unnecessary and obsolete data, we can ensure that in the future informants only have to participate in about 600 instances of data collection for the entire system of statistics, half as much as before. However, I would have difficulty imagining that parliament could make a decision considering professional criteria about the range of data which could or must be collected. As it is envisioned, towards the end of the year we would send the list of data to be supplied in the course of the next year to those concerned. We developed the range of data included in the National Statistical Data Collection Program in negotiations with the various ministries. The list will be approved by the National Statistical Council operating along with the president of the KSH—beyond representatives of ministries it also includes delegates from the representations of special interests and the self-governments, as well as scientific experts, and it is chaired by Rudolf Andorka, rector of the University of Economics—and then we submit it to the government. We are finished with the bulk of the work; in the following years, beyond further simplifications, only the timeliness of the basic list must be examined.

[Kocsis] Statisticians complain a lot about the "disobedience of data suppliers." According to the new law, who can be obliged to supply free data, and what sanctions is he facing if he fails to do so?

[Lendvai] It is a fact that in the last few years there has been a growing distrust of official data collections. It is a very serious problem for the KSH today that both in the complete and in the representative surveys the proportion of those supplying data is very low; in the latter case, sometimes no more than 10-15 percent. The refusal to supply statistical data is in principle a petty offense and can be subject to a fine, but we do not make use of this sanction too often, because it requires lengthy legal proceedings, and the fine of a few thousand forints is nothing for the majority of the firms. This problem can only really be solved if the data collector thinks through what he is asking, and requires possibly only a few appropriate data, so that supplying those would cause no problems for the informant.

Results of Presidential Runoff by County

93P20025A Bucharest DIMINEATA in Romanian 16 Oct 92 p 5

[Unattributed article: "Results of Second Ballot in Presidential Elections"]

[Text]

County	Total Validly Cast Votes	ILIESCU		CONSTANTINESCU	
		Validly Cast Votes	Percentage	Validly Cast Votes	Percentage
Alba	213,896	117,563	54.96	96,333	45.04
Arad	262,677	110,097	41.91	152,580	58.09
Arges	343,071	254,564	74.20	88,507	25.80
Bacau	387,177	290,535	75.04	96,642	24.96
Bihor	348,617	153,521	44.04	195,096	55.96
Bistrita	153,886	85,092	55.30	68,794	44.70
Botosani	266,227	219,891	82.60	46,336	17.40
Brasov	347,519	161,553	46.49	185,966	53.51
Braila	228,846	178,352	77.94	50,494	22.06
Buzau	297,920	240,517	80.73	57,403	19.27
Caras-Severin	183,748	99,483	54.14	84,265	45.86
Calarasi	174,613	143,293	82.06	31,320	17.94
Cluj	402,596	185,340	46.04	217,256	53.96
Constanta	401,200	253,708	63.24	147,500	36.76
Covasna	142,486	20,200	14.18	122,286	85.82
Dimbovita	275,406	201,208	73.06	74,198	26.94
Dolj	388,247	271,286	69.87	116,961	30.13
Galati	310,139	209,059	67.41	101,080	32.59
Giurgiu	146,112	109,071	74.65	37,041	25.35
Gorj	176,271	138,310	78.46	37,961	21.54
Harghita	221,885	20,289	9.14	201,598	90.86
Hunedoara	287,343	184,522	64.22	102,821	35.78
Ialomita	154,230	123,813	80.28	30,417	19.72
Iasi	411,067	299,575	72.88	111,492	27.12
Maramures	258,798	160,164	61.89	98,634	38.11
Mehedinti	148,331	105,000	70.79	43,331	29.21
Mures	364,089	146,918	40.35	217,171	59.65
Neamt	315,126	236,043	74.90	79,083	25.10
Olt	264,664	311,403	79.88	53,261	20.12
Prahova	473,378	314,275	66.39	159,103	33.61
Satu Mare	205,944	69,265	33.65	136,679	66.37
Salaj	147,882	74,852	50.62	73,030	49.38
Sibiu	238,354	102,215	42.88	136,139	57.12
Suceava	368,586	259,593	70.16	109,993	29.84
Teleorman	260,925	209,380	80.25	51,545	19.75
Timis	373,694	135,925	36.37	237,769	63.63
Tulcea	134,214	96,875	72.18	37,339	27.82
Vaslui	232,153	185,075	79.72	47,078	20.28

County	Total Validly Cast Votes	ILIESCU		CONSTANTINESCU	
		Validly Cast Votes	Percentage	Validly Cast Votes	Percentage
Vilcea	225,804	172,551	76.42	53,253	23.58
Vrancea	204,260	155,110	75.94	49,150	24.06
Bucharest	1,157,300	601,897	52.01	555,403	47.99
Ilovo Agr. Sec.	135,947	87,046	64.03	43,901	35.97

Senate, Chamber Vote by Parties, Counties
93P20024A Bucharest DIMINEATA in Romanian
9 Oct 92 p 3

[Unattributed article: "The Legislative Elections in Numbers"]

[Text]

Tabulation of Validly Cast Votes for the Chamber of Deputies

Parties, Political Groupings, or Coalitions That Received at Least 3 Percent of the Vote	
Parties, Groupings, Coalitions	Number of Votes Received
Democratic National Salvation Front [FDSN]	3,015,708
Democratic Convention of Romania [CDR]	2,177,144
National Salvation Front [FSN]	1,108,500
Romanian National Unity Party [PUNR]	839,586
Democratic Union of Hungarians in Romania [UDMR]	811,290
Romania Mare Party [PRM]	424,061
Socialist Workers Party [PSM]	330,378

The 67 Parties, Political Groupings, or Coalitions That Did Not Meet the 3-Percent Threshold

Parties, Groupings, Coalitions	Number of Votes Received
Democratic Agrarian Party of Romania	326,289
National Liberal Party	286,467
Ecologist Movement of Romania	245,194
Republican Party	178,355
Socialist Democratic Party of Romania	95,041
National Democratic Solidarity	79,207
New Liberal Party	63,633
Bratianu Liberal Union	55,096
Rom Party	52,704
Social Democratic Unity Party	50,853
National Peasant Party	48,764
Liberal Monarchist Party of Romania	39,062
Social Solidarity Convention	35,641
Democratic Forum of Germans in Romania	34,685

The 67 Parties, Political Groupings, or Coalitions That Did Not Meet the 3-Percent Threshold (Continued)

Parties, Groupings, Coalitions	Number of Votes Received
Democratic Cooperative Party	32,789
Free Democratic Union of Roms in Romania	31,384
National Party of Free Producers in Romania	30,025
Party in Honor of the Heroes of the Revolution and National Salvation	26,182
Republican Unity Party of Romanians	23,662
Romanian Humanist Party	23,220
Traditional Social Democratic Party	22,101
General Union of Roms in Romania	22,071
Christian Republican Party of Romania	18,849
Romanian Laborite Party	16,626
Romanian Democratic Front of Timisoara	15,003
Community of Lipovan Russians in Romania	14,975
Independent National Christian Democratic Party	14,963
Romanian Renaissance and Independence Party	13,584
Free Republican Party	13,523
Movement for Romania	12,936
Free Exchange Party	12,456
Independent Social Democratic Party	11,659
Gypsy Party of Romania	9,949
Greek Union of Romania	9,134
United Democratic Convention	8,972
Union of Ukrainians in Romania	7,717
Democratic Union of Turkish-Muslim Tartars in Romania	7,699
"Constantin Titel Petrescu" Social-Democratic Party	7,245
Union of Armenians in Romania	7,145
National League of Expropriation Victims of Romania	6,956
Alliance for National Dignity	6,106
National Right Party	5,689
Christian-Democratic Union	5,656
Democratic Union of Serbs and Karosovenians in Romania	5,328
Romanian Party for a New Society	5,305
Independent Democratic Party	5,257

The 67 Parties, Political Groupings, or Coalitions That Did Not Meet the 3-Percent Threshold (Continued)

Parties, Groupings, Coalitions	Number of Votes Received
Democratic Union of Slovaks and Czechs in Romania	4,708
"Down With the <i>Nomenklatura</i> " Antitotalitarian Party	4,698
Democratic Future of the Homeland Party	4,355
Italian Community of Romania	4,188
Democratic Labor Party of Romania	3,931
Democratic National Unity Forum of Romania	3,180
Social Justice Party	3,114
"Dom Polski" Union of Poles in Romania	3,013
People's Will Party	2,758
Romanian Party of Justice and Social Democracy	2,695
Labor Party	2,623
Turkish Democratic Union of Romania	2,572
Social Justice Party of Romania	2,572
Democratic Unity Party of Moldova	2,363
Romanian National Party	2,224
Union of Bulgarians in the Romanian Banat	1,906
"Shield of the Homeland" National Movement Party	1,744
Movement for European Integration	1,371
Humanitarian Peace Party	1,174
Romanian Realistic People's Democratic Revolutionary Party	1,081
Christian-Democratic Revolution Party	1,081

Note 1. Some 54,749 validly cast votes found by the Electoral District Election Offices after checking ballots that were thought to be invalid and were handed over to the Central Election Office [BEC] by 2000 hours on 5 October 1992 were added to the total number of validly cast votes and were divided according to parties, political groupings, and coalitions and independent candidates, in accordance with an order issued by the BEC in Decision No. 25 of 5 October 1992.

Note 2. The 3-percent threshold represents 326,407 votes. The 8-percent threshold represents 870,420 votes.

Tabulation of Valid Votes Cast for the Senate

The 8 Parties, Political Groupings, or Coalitions That Met the 3-Percent Threshold

Party, Grouping, or Coalition	Number of Votes Received
FDSN	3,102,201
CDR	2,210,722
FSN	1,139,033
PUNR	890,410
UDMR	831,469
PRM	422,545
PDAR	362,427
PSM	349,470

The 57 Parties, Political Groupings, or Coalitions That Did Not Meet the 3-Percent Threshold

Party, Grouping, Coalition	Number of Votes Received
National Liberal Party	292,584
Ecologist Movement of Romania	232,758
Republican Party	207,252
Democratic National Solidarity	97,711
Romanian Socialist Democratic Party	61,309
New Liberal Party	57,636
Social Democratic Unity Party	52,638
Bratianu Liberal Union	48,587
National Peasant Party	43,991
Liberal Monarchist Party of Romania	42,999
Rom Party	41,338
Social Solidarity Convention	34,771
Democratic Cooperative Party	31,303
Party in Honor of the Heroes of the Revolution and National Salvation	27,917
Republican Unity Party of Romanians	24,187
Traditional Social Democratic Party	23,340
National Party of Free Producers of Romania	20,736
General Union of Roms of Romania	19,504
Free Democratic Union of Roms of Romania	18,624
Christian Republican Party of Romania	17,528
Romanian Democratic Front of Timisoara	16,909
Romanian Humanist Party	16,689
Movement for Romania	14,102
National Christian-Democratic Party	13,521
Free Republican Party	13,476
Independent National Peasant-Christian Democratic Party	12,735
Romanian Laborite Party	12,433
Romanian Renaissance and Independence Party	12,315
Gypsy Party of Romania	10,993
Free Exchange Party	8,758
"Down with the <i>Nomenklatura</i> " Antitotalitarian Party	8,524
Traditional Social-Democratic Party	8,229
National League of Victims of Expropriation in Romania	6,275
Alliance for National Dignity	5,707
United Democratic Convention	5,078
Christian-Democratic Union	4,827
Democratic Future of the Homeland Party	4,249
Romanian Party for a New Society	3,551
Social Justice Party of the Northwest	3,290
Labor Party	3,256

The 57 Parties, Political Groupings, or Coalitions That Did Not Meet the 3-Percent Threshold (Continued)

Party, Grouping, Coalition	Number of Votes Received
Social Justice Party of Romania	3,072
"Constantin Titel Petrescu" Social Democratic Party	3,012
Democratic Labor Party of Romania	2,933
Humanitarian Peace Party	2,224
Christian-Democratic Revolution Party	1,743
Democratic Unity Party of Moldova	1,730
Democratic and National Unity Forum of Romania	1,452
Romanian Realistic Revolutionary People's Democratic Party	1,431
Party of Heroes Who Died for Freedom and of Heroes Still Alive Who Were Wounded by Barbarous Bullets	913
Romanian Smallholders and Free Initiative Party	805

The 57 Parties, Political Groupings, or Coalitions That Did Not Meet the 3-Percent Threshold (Continued)

Party, Grouping, Coalition	Number of Votes Received
National Right Party	648
Independent Democratic Party	615
Democratic Forum of Germans in Romania	578
"Shield of the Homeland" National Movement Party	500
Romanian National Party	397
Democratic Alliance of Roms in Romania Party	258
Conservative Humanist Party	138

Note 1. Some 47,102 validly cast votes found by the Electoral District Elections Offices after a reexamination of ballots thought to be invalid and reported to the BEC by 2000 hours on 5 October 1992 were added to the total number of validly cast votes distributed according to parties, political groupings, or coalitions and independent candidates, in accordance with the orders given by the BEC in Decision No. 24 of 5 October 1992.

Note 2. The 3-percent threshold represents 328,944 votes; the 8-percent threshold represents 877,185 votes.

Distribution of Votes By Counties for Top Three Parties or Coalitions

County	FDSN		CDR		FSN	
	Senate	Chamber	Senate	Chamber	Senate	Chamber
Alba	35,407	34,509	40,579	39,942	20,096	19,340
Arad	30,450	37,115	69,027	69,351	28,311	16,893
Arges	111,854	112,612	55,398	51,823	32,704	26,074
Bacau	146,703	130,942	58,912	46,502	47,753	42,137
Bihor	38,175	46,622	58,678	57,009	15,719	22,035
Bistrita	18,094	22,139	19,812	25,468	17,022	14,240
Botosani	110,024	122,752	23,571	22,261	21,775	16,723
Brasov	48,762	48,792	74,866	77,936	41,844	39,808
Braila	76,153	82,210	27,894	29,184	26,995	28,308
Buzau	144,823	148,778	28,891	33,871	19,197	16,868
Caras-Severin	39,666	31,293	52,722	54,609	20,581	22,072
Calarasi	75,207	57,728	21,384	21,035	16,430	24,670
Cluj	31,647	34,563	62,768	69,452	24,461	12,949
Constanta	88,565	79,445	86,470	85,212	53,608	64,656
Covasna	6,074	6,160	8,217	9,413	4,845	5,310
Dimbovita	85,463	86,446	44,361	48,068	25,292	25,404
Dolj	107,264	101,326	70,068	65,664	35,076	44,475
Galati	99,162	107,571	55,565	52,363	29,297	22,337
Giurgiu	48,149	55,915	98,143	22,772	13,084	8,327
Gorj	41,172	52,124	19,682	20,423	13,826	11,707
Harghita	4,625	4,440	9,634	10,871	3,422	2,448
Hunedoara	68,378	53,078	45,607	44,820	31,202	35,695
Ialomita	71,645	57,544	13,279	18,481	16,921	22,301

County	FDSN		CDR		FSN	
	Senate	Chamber	Senate	Chamber	Senate	Chamber
Iasi	109,808	122,609	61,887	72,515	50,688	37,296
Maramures	60,021	44,116	36,215	42,433	16,924	30,013
Mehedinti	43,292	42,675	27,449	27,203	10,336	8,801
Mures	14,735	13,316	22,992	25,333	11,501	13,129
Neamt	117,300	99,303	44,814	48,792	46,764	50,562
Olt	97,254	87,369	31,774	27,689	26,192	27,880
Prahova	134,490	112,870	101,575	79,419	49,717	70,662
Satu Mare	26,167	25,628	38,547	40,915	7,743	5,876
Salaj	26,211	20,952	20,092	16,941	8,651	10,674
Sibiu	18,749	26,755	72,522	64,387	29,628	24,218
Suceava	142,711	120,288	53,041	63,861	34,148	40,127
Teleorman	111,311	103,961	29,513	27,258	20,987	23,186
Timis	59,514	46,390	147,607	144,966	22,152	18,142
Tulcea	41,462	46,533	22,388	21,842	17,835	10,724
Vaslui	97,283	92,036	23,172	22,027	20,973	20,623
Vilcea	71,038	59,449	33,637	31,093	21,637	26,409
Vrancea	101,732	98,078	33,516	33,530	17,010	20,471
Bucharest	256,447	293,384	388,924	368,565	147,258	103,383
Iffov Agricultural Sector	34,224	33,758	41,026	35,990	13,740	14,412

Preparations for Return of Exiles to Vrginmost

*93BA0087D Zagreb VECERNJI LIST
in Serbo-Croatian 17 Oct 92 p 6*

[Article by Zvonko Muza: "Across the Kupa on 25 October"]

[Text] In the commissioner's office of the Croatian Government for Vrginmost Opstina, all preparations have been made to return the exiles to the part of the opstina on the other side of the Kupa, embracing five settlements—Lasinja, Desno Sredicko, Desni Stefanki, Novo Selo, and Crna Draga. The day has already been set when the organized return of people to their homes is to commence—25 October. However, as that day approaches, there is growing doubt that this will be possible.

The situation in Lasinja and neighboring places, a region within range of Zagreb, differs greatly from the situation in other occupied parts of Croatia, above all Dalmatia and Slavonia. There is no area here under protection of UN forces, there are no "pink zones," there are no Serbs, but there is everything that exists in the other occupied areas. The members of the UNPROFOR [UN Protective Force] have been delaying action, avoiding meetings, not coming for talks, and when they do come, they have nothing to offer. Charles Carrugia, UNPROFOR coordinator for civil affairs in the northern sector, was sent the demand for return of the exiles some three weeks ago, but there has been no reply. By contrast, Eng. Hrvoje Sarinic, the Croatian prime minister, responded to the proposal for a talk from the commissioner's office within 24 hours, and Dr. Mato Granic, deputy prime minister, gave full support to the plan for return of the exiles.

Prof. Mirko Putric, government commissioner for Vrginmost Opstina, says that no return to the part of the opstina around Topusko is possible until the exiles first go back to Petrinja and Glna. The commissioner's office has understanding for the difficulties of the protective forces in this regard. But when it comes to Lasinja, here everything should have been dealt with already. There are no Serbs settled in this area, 60 percent of the houses have been saved, and all the inhabitants could be accommodated (there are about 2,000 of them). The children and elderly would not return until next fall when the schools would open, but the veterinary and health stations would be equipped to go into operation immediately. We have learned that recently more and more houses have been blown up, and that is another reason for speeding up the return. Commissioner Putric says that the inhabitants would even consent to daily trips to get jobs done.

One of the first jobs to be started is crossing the Kupa. The bridge at Jamnicka Kiselica has been destroyed, so a

new bridge needs to be built or a pontoon bridge put in place. There has already been talk about this with the Ministry for Transportation and Communications, consent has been obtained, and the proposal has been made to the commissioner's office that it merely designate the place for crossing the river.

According to some reports, the Chetniks were told of the request for return that was sent to Charles Carrugia. The message was sent over Radio Petrovo that "not even Croatian flies can cross the Kupa." In spite of everything, the commissioner's office has done everything necessary so that the return can begin. Groups of people have been organized in local communities, only civilians. First one group would go to the occupied areas as an advance party, and then the others would start out as well.

Vlado Muza, an economist, deputy commissioner for Vrginmost Opstina, says bitterly that the Croatian houses in Topusko and neighboring places are being systematically blown up and that soon there will not be even one wall, much less a house. In Topusko, the Catholic church has been destroyed, sanatorium buildings 1, 2, and 3, the Mirna Villa Restaurant, the health station, the forestry department office, the hospital warehouse and several housing units, and the self-service grocery store. This is clearly evident on the videotape being circulated among the exiles. They received it all the way from Canada, but it was taken by Serbs who were in Topusko.

The difficulties that now stand in the way seem insurmountable. At the last meeting in Karlovac, Charles Carrugia was in a hurry because the Chetniks do not allow anyone to pass the barrier at Turanj after 1500 hours. Carrugia also recently said that it was impossible to disarm the Chetniks. We have reliable information that many weapons, including heavy weapons, have been buried in Petrova Gora, even pontoon bridges.

The signing of a demand for return has been organized in all places where the exiles from Vrginmost Opstina are located, mainly in Zagreb, Sisak, and Karlovac. It has been signed by all the inhabitants of Topusko and environs (about 2,200 persons) and about 200 of those who have property there. About 2,000 people and 100 with weekend cottages have signed the request to return to Lasinja and places in that vicinity. Only those who live in distant countries did not sign.

The commissioner's office recently expanded its effort to Vojnic Opstina. This is almost exclusively a Serbian region, but because it is occupied, there is a need to solve the problems of the Serbs who moved out from there even before or during the war.

Rugova Interviewed on Solution to Kosovo Crisis
93BA0065A Ljubljana DELO in Slovene 10 Oct 92 p 20

[Interview with Dr. Ibrahim Rugova, president of Kosovo, by Veso Stojanov; place and date not given: "War Is Also Possible"]

[Text] *Dr. Ibrahim Rugova, elected president of Kosovo in the May elections and president of the strongest Kosovo party, the Democratic Alliance of Kosovo, was in Slovenia a few days ago. We talked with him about the latest events in Kosovo, relations with Serbia, and the possibilities for settling the Kosovo crisis.*

[Stojanov] A few days ago reports were coming from Kosovo about more incidents, the arrival of new Yugoslav Army units, and so forth. How do you view the present situation in Kosovo?

[Rugova] The situation is quite tense. We are still experiencing a display of military power and very diverse provocations. A lot of Serbian army units have already been in Kosovo for one year, the Serbian police have already been here two years—since we have no longer had our Kosovo police since then—and of course armed Serbian civilians. The latest incidents only indicate that the Serbs want to provoke more widespread conflicts in Kosovo. Let me cite as an example the fact that a few days ago in Glogovac, a town close to Pristina, Serbian policemen were fighting with each other, but they attributed the blame to Albanians. They similarly accused us of an incident that is supposed to have happened in the vicinity of the Serbian-Kosovo border. They are thus constantly giving challenges and provocations, especially now, when Kosovo has also been a focus of the interest of the international diplomatic public and others. Whenever the international public shows interest in settling the Kosovo crisis, and whenever we participate in international conferences on the former Yugoslavia, as we did a few days ago in Geneva and London, the Serbs want to stage some sort of incident that is supposed to have broader aspects. In my opinion, it is not even necessary to speak of the everyday repression.

[Stojanov] In such an aggravated situation, how were you able to organize the authorities in Kosovo after the May elections, and were you even able to constitute a new parliament, government, and other institutions of authority?

[Rugova] For the Albanians, Muslims, Turks, and others who participated in the May elections, they were democratic, even though they were held in an occupation situation. At that time we were prepared for major interventions by the Serbs. After the elections, we intended to convene a public constitutional session of parliament, but we later abandoned the intention, because we were afraid that it could lead to major conflicts. In the coming days we will nevertheless convene the first session of the new parliament. Currently, of the institutions of authority only I am active as president; after the session of parliament we will also form a new government, although I expect minor

complications, since we already have two governments abroad. In the kind of situation that prevails in Kosovo, it is quite difficult to act as the authorities, because you have to have all the mechanisms in your own hands, but we have neither the police nor other state apparatus. In spite of everything, however, we are acting as the moral and political authorities, as the real authorities in Kosovo. There is no other authority there, not even Serbian except for the police, who are primarily cooperating with the army.

[Stojanov] What is your attitude toward the authorities in Belgrade? We know that you will not talk with Milosevic, and likewise he will not talk with you. A few weeks ago, however, the prime minister of the so-called Federal Republic of Yugoslavia, Milan Panic, only offered to meet with you. I am interested in how you view that offer, and in how far you are prepared to yield regarding the fate of Kosovo in possible negotiations with Serbia.

[Rugova] It is true that Milosevic is not a man for negotiations. The international public has now been convinced of this as well. I met with Panic in London. It was an expression of goodwill on our side. We talked about the situation in Kosovo and the status of the province. He himself agreed to try to settle the issue of the Pristina university and the education of Albanian children, but unfortunately that has not yet happened. He expressed a desire to come to Pristina, but I told him then that we would talk further when he kept his first promise. There has not yet been any rumor from Belgrade about talks on the status of Kosovo. In the elections I received a mandate to talk only about an independent and neutral Kosovo, with respect to both Serbia and Albania. Different options are also circulating now in the EC and in several other international circles, but I myself want to make it possible for the people in Kosovo to decide on their own future. This is primarily humane and democratic.

[Stojanov] How do you comment on the ideas about a possible division or partition of Kosovo into Serbian and Albanian parts, which have recently appeared in some Serbian media?

[Rugova] They would like primarily the eastern and western parts of Kosovo. Those ideas already existed in Rankovic's time, and also already at the time of the Versailles agreement in 1918. To the best of my knowledge, this idea has been brought forward again now by Dobrica Cosic. It is unacceptable to us, of course, because approximately a million people would be left outside. The Serbs want primarily those parts of Kosovo which are rich in ores, and they would only leave us the primarily agricultural parts, which do not interest them.

[Stojanov] You were at the London conference, where it was expected that a discussion would take place, not only on the war in Bosnia, but also on the issue of Kosovo. It seems, however, that the international public for the time being does not yet want to intervene actively in potential crisis centers in the so-called FRY, at least until the Bosnian issue is settled.

[Rugova] I can say that the issue of Kosovo was considerably in the forefront in diplomatic circles and in the corridors at the London conference, and it was even included in the agenda of the London conference. To be sure, we are not satisfied with the method of discussion, since Kosovo was nevertheless one of the federal units in the former Yugoslavia. The first mistake that the EC made was that it did not already invite us to the Hague conference last year. They wanted to correct that now at the London conference, since they invited us from Kosovo and Albanians from Macedonia and Montenegro as observers. This is a small step forward, and furthermore, a London conference working group was also formed on Kosovo, even though it was part of a larger group dealing with the status of ethnic and national minorities. We agreed to this because we want to be cooperative with the EC.

[Stojanov] What are the possibilities that Kosovo would really become an independent and neutral state by diplomatic and political means? Experiences in resolving national issues in the Balkans do not speak in favor of peaceful and political solutions.

[Rugova] We are insisting on a political settlement of the Kosovo issue. One can hardly say, however, that the opposite side also advocates that kind of treatment. It only advocates the logic of war and force. That is how it also acted towards Slovenia and Croatia, even more tragically now in Bosnia, and it would be worst of all in Kosovo. In 1990, we were left without our own police, even earlier without territorial defense forces, and furthermore, we are under the complete control of the Serbian police and army. Our position is very difficult in such a situation, but we are still insisting on a peaceful resolution of the disputed issues; any other outcome would be tragic and catastrophic. Kosovo is a small country, but very densely populated. More than two million people live on ten thousand square kilometers, and the goal of Serbia policy is to settle the Kosovo issue by aggressive means in the long term. The Serbian side has great military strength, and consequently we have to take into account not only actions, but also primarily the consequences.

[Stojanov] This is probably also the answer to a question that was frequently raised last year: how is it that there is peace in Kosovo?

[Rugova] Yes, you must know that our position is different than it was in Slovenia and Croatia. Both states already had their own legal authorities previously, their own police and army.

[Stojanov] Do you agree with the thesis that was often repeated during the collapse of the former Yugoslavia, namely that the Yugoslav crisis began in Kosovo and would also end there, and will Slobodan Milosevic, in order to survive on the Serbian political scene, again play his strongest trump card, Kosovo?

[Rugova] Three things will affect the outcome of the Kosovo issue. Kosovo was Milosevic's first card, with the aid of which he came to power in Serbia, and I believe that

he will also have it for his last card. To be sure, this will depend considerably upon the outcome of the struggle for power in Serbia, but I think that the time has come when people in Serbia themselves will have to look for the culprit within themselves, and not, as always in the past, seek him elsewhere, i.e., among members of other Balkan peoples. The international community's attitude toward Serbia will also be important—specifically, whether it will continue to tolerate its military machinery, which is now in Bosnia and is still in Croatia, and will soon probably be also turned against Kosovo and Macedonia. The Albanians in Kosovo are in a more difficult situation with every day that passes. It is hard to say how long the Albanians will endure. Some day all those factors will be mixed together, and as president I have to count on this. Every policy is measured by results and consequences.

[Stojanov] The sanctions and the UN embargo did not only affect the Serbs, but also the Albanians in Kosovo.

[Rugova] Yes, the embargo on importing weapons affected everyone. We in Kosovo have already felt the Greater-Serbian embargo for two years. Production, cultural development, education, virtually everything has completely come to a stop because of it. We supported the international sanctions against Serbia because it is good for the future of Kosovo, and furthermore with the help of the sanctions there may be changes in the Serbian regime and an awareness among the Serbian inhabitants that support for such a regime does not lead anywhere. Of course, things will also be difficult in Kosovo because of the embargo, especially now when winter is coming. Unfortunately, the international community is still keeping us within the borders of the remnant of the former Yugoslavia, and consequently, we are once again suffering without any reason whatsoever. In any case, we have asked the UN and the EC for public humanitarian aid to Kosovo.

[Stojanov] In spite of your efforts for a peaceful settlement of the Kosovo question, do you expect that increasingly worse difficulties in subsistence for the population will uncontrollably initiate resistance in Kosovo?

[Rugova] I myself advocate resolving the difficulties without great sacrifices, since it is always necessary to bear in mind the real situation and the balance of power between the Albanians and the other side, the Serbs. This must always be kept in mind in Kosovo. As far as the other half of your question is concerned, I cannot give any guarantees in advance that there will not be a rebellion by the Albanians tomorrow, but it would be a catastrophe. It is not that we are afraid, of course, but we are assessing the situation soberly. We see that the international community reacts slowly. For some time to come this part of the Balkans will be very unstable, and consequently in Kosovo we have to get ready and plan for a longer period of instability and crisis. It is hard to say whether that also means war and the suffering of the population.

Belgrade Weekly Condemns Serb Atrocities

93BA0099A Belgrade NIN in Serbo-Croatian 18 Sep 92
pp 29-30

[Article by Dr. Stevan P. Petrovic, a retired military psychiatrist: "Turning From the Path of St. Sava"]

[Text] *"Until now, on the basis of experience from World War II, we believed that only the Croats could do this. After this war, however, the Serbs, who have never in their history been conquerors but, instead, have always been chivalrous fighters for 'the sacred cross and golden freedom,' have also been entered in the disgraceful list of peoples whose individuals and leaders behave genocidally."*

In this "dirtiest of dirty wars" that is being waged at our historical and geographic coordinates, among peoples who we were always taught were brave, chivalrous, dignified, and adorned by humaneness and the same lineage, things are happening that leave the human mind confused and paralyzed. Evil and bestiality that we believed could only be the fruit of an insane dream or even something that was characteristic of some other peoples have settled in our lands and in our souls. Genocide, the very mention of which disgusted us, has become part of the behavior of all the peoples in these areas, which were once characterized as fraternal and blessed peoples. Now they have all equally soiled their hands with blood, and there are no more innocents. We have all become both victims and murderers at the same time. We are all doing the same vile things.

I would like to dwell on one form of diabolical behavior toward living people, which in its origin is a form of genocide, and is legally classified as a war crime. This has to do with the appearance of camps on our territory, planned and carried out by our people, places to assemble people for the sake of isolation, deprivation of freedom, the use of various types of mental and physical torture, and physical liquidation.

There Is No Difference

The camps are usually guarded by individuals with psychopathic makeups, who ask on their own to be granted this duty, either because they are impelled to do something like this for abnormal reasons or out of vengeful and vindictive motives because their families have been killed. They include a large number of criminals who have spent several years in civilian prisons for murders or other serious crimes against the safety of human lives. They have great autonomy in decreeing and carrying out repressive measures against the prisoners, and the scope of the measures applied ranges from constant verbal insults, humiliating actions, through the use of the crudest physical violence, all the way up to taking life, virtually without any responsibility whatsoever. Physical liquidations are usually carried out through the use of sidearms or tools (knife, dagger, mallet, ax, any type of solid object that can break a head, strangling with bare hands, etc.), in order to avoid the

sound of firearms. Otherwise, the specific psychological climate in a camp (the main characteristics of which are the pervasive fear of death and torture, with absolute uncertainty about the future, as well as the lack of any sort of information about their family members, along with obedient submission and readiness for any sort of collaboration with the camp authorities) is created by the camp administrator along with his assistants. With respect to the choice of method, consequently, not all camps are the same—not in the sense that things are harder in some places and easier in others, but rather in the sense that things are equally difficult in every camp, but in a different way. Thus, for example, since there has been an increase in the international public's interest in camps on the territory of Bosnia-Hercegovina, all three sides in the conflict are avoiding actions that include the use of drastic physical violence and bodily torture. Such torture always leaves easily visible scars that have a strong negative effect both upon observers and upon television viewers. If it does happen, then seriously injured individuals are liquidated without leaving any trace, and then preference is given to different ways of inflicting suffering, which are incomparably more serious in terms of this current effect and the ultimate consequences, but which do not leave visible traces.

Upon admission to the camp, the most essential data are recorded on every individual prisoner and his family, and are later misused in several ways. Thus, at different intervals, camp officials appear and read the prisoners lists of villages that have been destroyed in recent battles and the names of the dead, composed on the basis of the data that they obtained from their prisoners. Naturally this trick, repeated several times in practice, verifiably has the desired negative psychological effect. The imprisoned people, who live in danger of their lives and under extremely difficult conditions of bare survival, and who are only supported by the deceptive hope that they still have someone of their own or a home awaiting them, fall after news like this into despair, a state of hopelessness, and deep depression, or simply die, as a sign of psychological surrender, because life has lost any meaning.

Along with all of this, people live in a state of constant deprivation of all mental and physiological needs, with a measured application of various forms of suffering, in order to undermine even the last resources of the will to live. People chronically go hungry, and are subjected to difficult physical efforts that are beyond human strength, and if they stumble or fall because of weakness, it is immediately classified without any consideration as a serious violation of camp discipline, which is punished in various ways.

The purpose of all the camp activities and tortures is to cause fear and a sense of hopelessness, which is spread equally within the camp and among all members of the same ethnic group at large who can be reached by such news. The idea that they may end up in such camps themselves one day fills them with fear, defeatism, and an uncontrollable desire to abandon their immemorial homes and flee as far as way as possible, to anywhere,

somewhere where these dangers do not exist and where they can live safely, even at the cost of leaving all their material goods behind them. For this purpose, it is not unusual that a small group of prisoners from mutually distant places is especially selected and "allowed" to escape from the prison as messengers of fear and weakness in the face of a force against which there is no defense.

Guards—Avengers

The officials or guards of these camps are characterized by horrible brutality and savagery, toward everyone equally—children, women, infirm old men, or imprisoned soldiers. All camp officials have been previously indoctrinated by their leaders, or were themselves victims of the same enemy whom they are now guarding, and who have been demonized so that their only purpose is to avenge themselves as savagely as possible. It is not retaliation, however, since that is "measure for measure," but revenge is something considerably more; it is a desire to return several times as much evil for the evil that has been committed against him, even though revenge will never bring back peace either.

When a people is demonized (and in this war all the peoples have succeeded in demonizing each other, and in this regard they have achieved absolute homogenization with respect to the amount of evil in themselves), then any difference between soldiers and unarmed people is eliminated in the heads of individuals who have been prepared for genocide. All parts of a people thus become an equal evil and source of permanent danger. The fight against this evil begins on the front, but is finished in the rear. For individuals who commit genocide, the terms "unarmed people," "innocent population," "women, children, the old, and the sick," are words without any practical significance. They are all, as well as their leaders and fighters, equally representative of the same people that has to be destroyed, annulled, and condemned to disappearance, and not just tortured and killed. Torturing or only killing means leaving a trace. Destroying means condemning to nonexistence. That is the basis of the genocide from which both Croats, Muslims, and Serbs have become equally diseased at this time.

It is sufficient just to look at the pictures of massacres and various forms of inhumanity that have been committed in varying degrees—although that is generally no longer significant—by insane representatives of all our peoples, without exception. In the usual way, a person who has been killed still retains human characteristics for some time. However, a person who has been disfigured, without a head or eyes, with his genitals cut off, scattered to all sides, becomes an ordinary heap of meaningless details. It is still unknown from where this phenomenon, which goes beyond the realm of individual psychology, draws this monstrous and satanic idea, so malignant and energetically powerful that we are almost ready to believe that it is the product of Satan himself, where Satan ceases to be only an appropriate metaphor,

but instead becomes the frightening discovery that it is a reality that is indirectly manifested.

On the Infamous List

Until now we believed that the Croats behaved that way, on the basis of experiences from World War II, and after that war several other peoples as well. What has shocked this nation, however, is the realization that among Serbs as well there are war looters, war criminals, traitors, and those who behave genocidally. We have been convinced of that by this war, and that is actually the most terrible thing that could have happened to our people. Serbs, who have never in their history been conquerors, but rather chivalrous fighters for "the sacred cross and golden freedom," have lost this previously unblemished ethical beauty, and for the first time have been entered in the disgraceful list of peoples whose individuals and leaders act genocidally. We have thus been cast out, definitively and for all time, from the community of honorable and chivalrous peoples.

We are living witnesses that Serbian fighters also bring from the battlefield as trophies human ears or severed fingers and even cut off heads themselves, as living proof that Satan has also moved into some Serbian souls. In this way, we as a people have lost any right (especially moral right) to abhor the crimes of representatives of other peoples. This realization is affecting the Serbian people in several ways, because this kind of behavior is foreign to its national essence, nurtured in the spirit of St. Sava. That is why every honest Serb wonders, aloud or to himself: Who is putting the demon in us, and on behalf of what interests?

Let me end with a conclusion that may cause disagreement, but is based on several repeatedly verified facts that come from all three of the warring peoples, both about others' camps and their own. At this time all the peoples in conflict are behaving genocidally, they all hate each other, they all have camps, they are all massacring their opponents, and they are all lying about it equally, pointing the finger exclusively at the opposing side. If someone is guilty (and someone certainly is, because nothing happens accidentally, and all by itself), then we are least likely to be mistaken if we point the finger of accusation at the leaders of all three peoples in conflict. The fanatical national leaders, through the force of their charisma, are inducing collective hatred of another people.

Bosnia-Hercegovina is a country in which evil has taken root in all peoples on its territory, the prognosis for this war is extremely dubious precisely because of this fact, and solutions cannot be seen at this time, so pessimism is quite realistic regarding a quick end to the hostilities. Even assuming that open-armed conflicts end relatively quickly, these peoples will hate each other for at least several more generations. This is an ominous prognosis which inspires fear in people's souls and evil forebodings with respect to coexistence, which the leaders of those

peoples did not think much about before the beginning of this war, and apparently are not thinking much about now either.

Greek Military Exercises Seen as Scare Tactic

92BA1466A Skopje NOVA MAKEDONIJA
in Macedonian 19 Sep p 14

[Article by Zoran Petrov: "Philip II' Terrifies Macedonia"]

[Text] Military Exercise of the Greek Army

Although the military exercise of the Greek Army in many ways is a conventional activity of the Armed Forces, there are numerous indicators that it is a matter of ordinary psychological-propaganda activity—that is, a classic demonstrative threat against the Republic of Macedonia—and that the special units exercised in the vicinity of Lerin on 8 September.

Demonstration of force is the most orthodox form of political pressure, with a very simple, but effective goal: to frighten the opponent to reject his possible aggressive intentions and to exert a negative influence on the morale of his armed forces. It means a constellation of relations in which one country—that is, its military power—presents a threat to another country. The classic demonstration of force, as a rule manifested by carrying out military maneuvers on the borders with the opponent, has its own certain logic. Meanwhile, with respect to Greece and its impressive military might, which far exceeds that of Macedonia, "the arguments" about some threat to it from the north are a blatant lie for anyone even superficially familiar with Balkan conditions because the facts say that the Republic of Macedonia simply cannot represent a serious threat to Greece politically, economically, and, particularly, militarily, or in any other way.

Why then is our southern neighbor, in the echo of its crudest campaign against Macedonia, in a situation where the Republic is in complete political isolation, in which it is imposing an economic and communications blockade, carrying out an extensive tactical-military exercise known under the name of "Philip II-92," right up to the Macedonian border? There is no doubt that these military maneuvers are part of the overall strategy toward "the obstinate" Macedonia, which, at the price of economic failure, social calamity, and political isolation, did not reject the name, flag, and "certain" articles of its Constitution, which are of "vital, historic, and strategic" significance for Greece. Likewise, it is necessary to take account of the fact that even the military exercise itself is being carried out precisely in the zone where ethnic Greeks do not live, as a unique form of pressure, to dissuade the inhabitants of the possible "erroneous" thoughts that they are Macedonians, for example. In any case the "Philip-II-92" exercise carried out yesterday is in many ways a successful military exercise from a

military point of view, which only strengthens the pre-conditions for the foul play and low blows of our southern neighbor.

Conventional Activities at an Unconventional Moment

The dynamic features of combined tactical exercise of the Greek Army under the original name of "Philip-II-92" (it is held under the same name every year) began to be carried out on 14 September and officially ended yesterday. With respect to many elements, these "maneuvers" are quite ordinary exercise activities of the Greek Army (larger military exercises at the corps or division level are carried out four or five times a year), but it has to be known that almost all of them are carried out in the district north of Thessaloniki—that is, in Aegean Macedonia.

The combined tactical exercise, which was carried out at a higher operative-strategic level, was headed by the Command of the First Army from Larissa, and included the Command of the First Corps from Kozane and the Second Corps from Veroia (in Greek Verija), with the subordinate units, or with the participation of approximately 10,000 soldiers. Actually, "Philip-II-92" officially was part of the so-called third section of the regular instruction of the January class of soldiers of the Greek Army. In addition to the infantry, mechanized armor, and artillery units, the Air Force and the Navy were included, and it is known that an assault regiment from Thessaloniki also participated.

The area on which "Philip-II-92" was carried out is very wide and extends from the triple intersection of the Macedonian, Greek, and Albanian borders up to the Repelska Pass, and the area covered extended to Larissa. It is interesting and very indicative that, for the first time, a military exercise of this kind was carried out at the same time in the Vardar-Pelagonia line. Thematically, the exercise represented a simulation of defense with a counterattack for which air support was provided on the last day of the exercise. Even from an operative-tactical point of view, the goal is classically defined: to verify the plans for using armed forces, as well as the contribution of the commands and of the units for synchronization, leadership, and action. Although officially it has not been announced, today it is expected that one of the centers from which the exercise was conducted (most probably Veroia) will hold a parade of the participants in "Philip-II-92," in which the Minister of Defense, Ioannis Varvitsiotis, will be present, and it is not excluded that the Prime Minister, Konstandinos Mitsotakis, will make an "appropriate" speech; the president of the government, Konstandinos Karamanlis, may even be there in person. Although apparently this combined tactical exercise of the Greek Army appears to be an ordinary Army activity for the numerous observers and the domestic public, there are numerous elements that point to the fact that it is a matter of ordinary psychological-propaganda activity by military means, or of a classic demonstrative threat against the Republic of Macedonia.

"Storm 92" Announces the Goal

According to the decisions of the CSCE, Greece is obliged to inform all neighboring countries when it holds military maneuvers of its units, and, in this case, it is usual to invite them and their military attaches as observers of the exercise. The authorized government agencies of Macedonia nowadays have not obtained official information from the Greek side concerning the military activity on its border. That is why, again, it is reported that Federal Republic of Yugoslavia automatically reflects the rear of the intentions of our southern neighbor in view of the treatment of Macedonia.

When we talk about "Philip-II-92," there is one more very symptomatic and indicative detail. It was preceded by a smaller military exercise under the name of "Storm-92," which involved landings of paratroop units of the Greek Navy and Air Force from the Third Division of the paratroop forces headquartered in Aspropirgos (near Athens). "Storm-92" extended from 7 to 11 September and was carried out in the area around Lerin, so that the main activity—the improvisation of the parachute landing—was carried out precisely on 8 September, the national holiday of the Republic of Macedonia. This means that the goal of the entire Greek military operation in the current setting of the tense political situation with Macedonia is more than clear—that is, first to frighten the Macedonian population in Aegean Macedonia, and, by rattling the weapons from the abundant Greek arsenals, to let the Republic know with whom it is dealing.

Normally, maneuvers of this type are an ideal form of military provocation, and, in this environment, it is necessary to look at several "accidental" violations of the Macedonian airspace on the part of the Greek Air Force. Likewise, it is indicative that "Philip-II-92" for the first time was carried out in such a wide strip, including the Vardar and Pelagonia areas, which are practically the ideal directions for the potential Greek attack on Macedonia.

In any case, when we speak about the combined tactical exercise completed yesterday by the Army in Greece, which, from the point of view of its well-known purpose does not even deserve particular attention, only one conclusion may be drawn. With the disintegration of the division of Europe into blocs, the Republic of Greece today is the only country that utilizes the principle of demonstrative military threats against another country, which, together with the oil embargo, the communications blockade, and the hysterical nationalistic campaign, is part of the known strategy for the complete exhaustion of Macedonia, so that it will be forced to change its name—that is, its identity. A very well known scenario from a very well known author.

[Box, p 14]

The numbers say a lot about the military might of the Greek Army: The land Army numbers 160,000 members, the Air Force approximately 25,000, and the Navy

approximately 20,000, which, together, puts the final number of the Greek Army at approximately 205,000 military personnel. The most elite unit of the Greek Army consists of so-called assault forces or green berets, the three regiments of which are stationed in different parts of the country and are trained for parachute and diversionary operations, and, with respect to the degree of preparedness, are considered to be some of the best trained units for rapid intervention in the NATO pact.

There is no need to discuss the technical equipment of the Army of our southern neighbor, except to say that it has at its disposal the most modern types of combat facilities, military technology, and equipment. As an example, let us consider their aviation, consisting of nearly 400 very modern types of U.S. and French aircraft, such as F-84, F-104-G, and A-7 fighter bombers, and F-4 (Phantom), F-5-A, F-16, F-102-A, F-104, and Dassault Mirage 1,000 fighter interceptors.

Unrest Among Serbs, Montenegrins in Macedonia**Kumanovo Serbs**

*93BA0005A Skopje PULS in Macedonian
17 Sep 92 pp 10-11*

[Unattributed article: "Kumanovites, Radicals, Speculators"]

[Text] *Political life in Kumanovo and Skopje-Crna Gora has been left to the creative power of dilettantes and low-level types who decided to go into politics. Meanwhile, our "national" would-be politicians are shunning those areas as though they were infected by the plague.*

This sounds like a good joke: Having a kind of Serbian radical party in Macedonia, of a type no sane country would register, proclaiming, on the basis of a referendum(?) held in Skopje-Crna Gora villages, the establishment of yet another Serbian republic. The initial reaction of any somewhat politically aware person would be that there has been yet another stillborn "state-making" child launched by Belgrade. At second glance, however, what seems grotesque becomes frightening, not because of the actual existence of the "new state" but because of the intention and the very awareness that some Serbs have not learned the lesson taught to them by the world, that by creating a picture of military sallies they will not only lose their state but also, possibly, as a lesson, have their "territory shrunk to the shade cast by a plum tree," as one of their national prophets predicted.

What could one think other than the fact that the well-known style of Serbian actual state policy indicates a search for a new conflagration, a new fight, although, despite all the bloodshed, they have been unable to succeed. "As everyone knows," Milosevic may have said, "in politics, little is left to luck." Considering that the pattern of Serbian policy, which has governed all previous actions, has remained unchanged, the "proclamation" of a "Macedonian Serbian Republic" was preceded by a softening of the ground by the media. The hot

and cold game the Serbian leadership has been playing with our state for the past four years has its own logic. The controlled media in Belgrade cyclically either ignored or threatened Macedonia; the constant element was the underestimating and the belittling of the Macedonian nation and state. Naturally, the purpose of all of this was not to provoke an open fight.

On the contrary, its purpose was to prepare the background with which, at a specific political time, one could easily implement the deliberate plans of Mitsotakis and Milosevic, the Balkan Napoleons, as they were recently described in the Greek newspaper KATHIMERINI—through international clashes that lead to the grand finale of the final division of Macedonia. In that case, the Albanians would acquire their "Ilirida," which allegedly could also include the part of Kosovo the Serbs would sacrifice to Albanian interests, while Serbia, naturally, would secure for itself passage to Greece. Naturally, that would be difficult to achieve, given the number of Serbs, without shedding too much blood, even if all Serbs were of the Seselj temper, which is not the case.

Perhaps something of this nature could happen, however, by indoctrinating Macedonians, who, because of the closeness of Serbia and their fear of Albanians and because of their Orthodox religion, could support Serbian policy, the more so since for quite some time a specific attitude toward such areas has developed in Macedonia: If I ignore it, the problem will go away.

What are we trying to say? Something that is crystal clear. Our "national" would-be politicians steadily avoid the Kumanovo and Skopje-Crna Gora area, as though it were infected by the plague. The same attitude is displayed toward some parts of western Macedonia. Such an attitude toward Kumanovo and its consideration by the media only when the interethnic situation worsens has in recent years earned the city the inglorious label of city-traitor to Macedonia. The conflict, if you remember, began with Petar Gosev and his withdrawal from the SKJ [League of Communists of Yugoslavia]. Membership in the then only party existing in that city followed the Milosevic line and, ever since then, has been subject to a kind of national punishment. Furthermore, a large number of people of Kumanovo emotionally reacted to this and turned their sights even more radically to their northern orthodox brothers. This situation is understandable only when played out in front of the unerring television cameras or read in journalistic reports about the hometown coffeeshop or the homespun iconography of Milosevic and Seselj, where they shout like the brothers Baic: "Grab the gun, tighten up the strap, and fight the Boche."

The Kumanovo and Skopje-Montenegrin political life has been abandoned to the creative power of dilettantes, of low-class types who have decided to go into politics. What is simply puzzling is that so far neither the government nor parliament, nor any other state institution or authority has tried to understand or approach this area. The only exception is the Ministry of Internal

Affairs. It is scandalous to go so far as to have the police govern civilian life. The careless approach of the present government and the avoidance of a confrontation with Serbs and Albanians in those areas and in previous similar hotbeds of crisis in the western part of the country would normally indicate that we have incompetent officials who, furthermore, are irresponsible. It is obvious that they have become accustomed to conduct their "activities" wherever they are guaranteed applause and a warm reception and agree to act only when the medicine they administer cannot cure the disease. There can be no practical justification for the actions of Kiro Gligorov, Stojan Andov, the former and present prime ministers, and the various individual ministers, followed by a large number of party leaders, who may be seen attending all sorts of demonstrations as guests or participants, but not once be seen in Kumanovo, directly addressing citizens of all ethnic groups. We are certain that direct contacts and the time spent in explaining Macedonian policy and exposing the Serb and Kosovo emissaries would pay for itself. It would calm down passions and eliminate fears. Indeed, how is it possible to neglect, to minimize all of the signals received so far from our northern and southern neighbors, and how is it possible to fail to take into consideration these specific facts?

1. For quite some time, Slobodan Milosevic has been claiming that he shares a border with Mitsotakis and that, in the course of his latest meeting with the Macedonian leadership, he once again tried to substantiate the fact that "only 200 kilometers" separate him from the Greek border.
2. The most important Macedonian strategic site—the refinery—is located at the very border with Serbia. From that aspect alone, Kumanovo is more than an important target for another realignment because, given a certain number of Serbs who live in the area, logistic support of an eventual action may be secured.
3. Skopje-Crna Gora is located between Kosovo and Macedonia, and it is a fact that, from the "Serbian" side, from the top, from which one can see Skopje, there is a good road by which any vehicle can reach Skopje in some 38 minutes (a precise measurement). From our side, from the Skopje side, to reach the top, you must not only be a trained mountaineer but also drive for two and a half hours, and, particularly in fall and winter, have as much horsepower as your vehicle.
4. Not one of the delayed action signals coming from Serbia concerning its intentions toward Macedonia have been sufficient for our Armed Forces and their respective ministry to institute standard frontier rules along our northern border. An entire year had to pass and a delegation from the CSCE had to come before we realized that, in this respect, we could not claim to be a state. We either are a state or we are not. It was this that led to the Army's announcement that it was about to send patrols along the Macedonian-Serbian border.

5. While Macedonians were being carried away by symbols, the fascist Seselj visited "Serbian Macedonia" five or six times and, with the help of live contacts, on site, promoted his own party and familiar iconography. Our public, naturally, following the prescription of peaceful sleep, according to which "What I do not wish to face does not exist," was not informed of this fact. Later, however, it was terribly surprised to hear the people of Kumanovo chant "Seselj, Seselj." How come? It is ignorance that will kill us.

6. During the phase of "Macedonia versus Kumanovo" relations, the would-be politicians faced the task of convincing the Serbs that they live in Macedonia and that no consequences based on that fact would be tolerated. A substantial number of Albanians must be told that they are equal citizens and not residents of an isolated enclave; the Macedonians must be told that they must get along with all other ethnic and religious communities and that Serbia, because of its present policy, would be the least able to provide a cure to painful interethnic relations.

MVR Response

93BA0005B Skopje PULS in Macedonian
17 Sep 92 p 11

[Unattributed article: "The Mountain 'Is Hiding Something'"]

[Text] *The moment the police showed up, as they should have, they could see that they were dealing with false alarms.*

In the past several months, the Macedonian Ministry of Internal Affairs [MVR] has been repeatedly "brought to its feet," ever since some citizens started claiming that "something was happening," that "armed gangs were prowling," or, something even more terrible, that "gunfire could be heard" in Skopje-Crna Gora. Most frequently, the police reported that the cases were false alarms. "The best proof" of the presence of "armed people" is hunters who frequently walk on that mountain, particularly during the hunting season.

Senior public security MVR officials have avoided speculating about what the "mountain is hiding" and prefer to talk about (and on the basis of) facts. But, speaking of facts, in no case do facts confirm the rumors that keep spreading around Skopje and throughout the Republic. The latest major exaggeration was noted last year, during the celebration of the Feast of the Virgin (21 October) in Goren Sveti Ilija and Dolen Sveti Ilija, when rocks were thrown and damage was caused to the sites by "prochetnik elements." That attack on public security was followed by "verbal abuse." It was precisely the chetniks who shouted at the people gathered there: "This is Serbia," "Seselj will bring order among you," and many other newly fabricated slogans that, by then, had become fashionable. Since then, according to an MVR official, there have been no cases of violence in Skopje-Crna Gora or any "close encounters" among ethnic hotheads.

Unquestionably, a great many strong statements are being voiced in that area, and the past has been mentioned too many times. The present is not marked by events that could shake up Macedonia. What not so long ago was considered and condemned as chauvinism and extreme nationalism (views that apply to this day) has been downgraded to a "lower category" with democratization or, at worst, can be qualified as "verbal abuse" or "free expression of national feelings." The "Skopje-Crna Gora case" is only one example of something that cannot qualify as crossing the Rubicon from the legal, and particularly the civilized, point of view.

With its numerous churches, monasteries, cemetery chapels, and other historical markers, it is no accident that Skopje-Crna Gora is known by another name as well. There are those who call it the "Holy Mountain." Every single village or village house has its claim to glory in the eyes of visitors, and a specific purpose when visitors crowd the monasteries. This area is rich if vegetables and fruits. Everyone makes brandy and fills barrels of wine. This is sufficient reason for celebrations and for the gathering of many people. At such times, when people enjoy the fruits of nature that come from that mountain, it is as though the people in that area feel particularly "independent." It is at such times that matters most frequently get to the point of shouting and to resorting to what can pejoratively be described as Serbianism. Such celebrations are embellished by the very familiar Serb iconography, and armbands with emblems are worn, mainly by the young. Nonetheless, although most Serbian artifacts are bought in Kosovo and the young people are the ones who usually frequent that area, so far not a single case of an illegal crossing of the border has been recorded. It was precisely since black market channels were opened in that area of the northern border that some 100 trucks have been stopped. The black marketers have been Albanian and Macedonian.

Last year and at the beginning of this year, there have been some indications that "something" may happen in Skopje-Crna Gora as a result of the withdrawal of the Yugoslav People's Army from Macedonia and, particularly, after a police station was built in the village of Mirkovci. While the police station was under construction, the Serbian media were trying to "prove" that that act was aimed directly against the Serbian people and that the intention was to repress them even more harshly. At that point, there were occasional calls to destroy the station. However, when it was completed in the spring, many people from all the surrounding villages and monasteries came in an organized fashion to celebrate its inauguration.

Today, according to a high police official, the station has been accepted by the local population, which no longer has to go to the Cair SP [police station] to obtain an identity card or a passport. According to the police, claims that "people in blue" do not dare to go to villages where the majority of the population is of Serbian or Montenegrin nationality are malicious and extremely inaccurate. Equally inaccurate are statements that the

police have "special tasks" in that area, which exceed their preventive functions. "On the contrary," says an official of the MVR, "relations with the local population are correct, and, so far, there has been no reason for them not to be. What makes the Montenegrin area different from the other parts of Macedonia is that here there is more rural crime. It is true that in some villages extremists may be found. However, the tremendous majority of people are in favor of coexistence and of maintaining good-neighborly relations."

Asked why is it that, despite the many statements and provocations no excesses have occurred in interethnic relations in Skopje-Crna Gora, the MVR chief answered briefly: "We have not allowed ourselves to be provoked."

DPS Activity

93BA0005C Skopje PULS in Macedonian
17 Sep 92 p 12

[Unattributed article: "One Border Less"]

[Text] Everything seems to indicate that the process of self-organization of the Serbian population in the Kumanovo area has not been completed. The appearance of "new, more radical" parties is expected.

Judging by the nature and patterns of other ethnic populations (Albanians, Gypsies), after the proclamation of independence of the Republic of Macedonia, the Serbs in Kumanovo as well began to organize themselves in associations and political parties of their own, the main purpose of which is to expand and enhance friendship and unity with the Macedonian people. Thus, toward the end of last year, the Association of Serbs and Montenegrins in Macedonia was founded (meaning in the Kumanovo and the Skopje-Crna Gora areas), and, at the beginning of this year, the Democratic Party of Serbs in Macedonia was formed in the Kumanovo-Pcin area (we do not know what is meant by "Pcin area" because, in Kumanovo, that is the name of an area along the lower reaches of the Pcinja River and the village of Pcinja, where Serbs lived neither in the past nor at present, unlike in the upper reaches, where there is a Serbian population in some of the villages). All indications are that this process of self-organizing by the Serbian population in the Kumanovo area has not been completed. A group of people whose lair is a coffeeshop in the city has been announcing for quite some time that it would be setting up a branch of the Radical Party of Serbs, which, according to them, will have nothing in common with Seselj's party.

The programmatic objectives and tasks of the Association of Serbs and Montenegrins in Macedonia, as defined at its first annual meeting, held last April, in addition to the stipulation of promoting friendship with the Macedonian people, also call for demarcating the Serbian administrative border and the church sites of the Serb Orthodox Church in Macedonia, the monasteries, and their property; hiring Serb priests and holding

religious services in the Serbian language in villages where the Serbian population is in the majority; and building new Serbian churches and having the right to Serbian cemeteries. According to the association's program, in the area of education, the association undertakes to examine the situation of students and teachers of Serb nationality and of textbooks they use. Wherever even a single student of Serb nationality may be living, he should receive instruction in the Serbian language.

The Democratic Party of Serbs in Macedonia in the Kumanovo-Pcin area claims to be democratic, on the basis of its programmatic stipulations, and national in its features. According to its chairman, Milan Stamenkovic, that does not mean that it is nationalistic or open to one ethnic group only because it has not only Serb and Montenegrin members but also Macedonian ones. Its appearance on the Macedonian political scene is interpreted as having become necessary as a result of the irrational behavior of Macedonian and Albanian ethnic groups. The party calls for the assertion of the Serbian people and their material and cultural development, and the assertion of basic human rights and freedoms, the development of a market economy, and the elimination of ownerless property. It intends to struggle against any attempt at religious, nationalistic, or racial discrimination or hatred among people. According to the party's leader, the Serbian people in Macedonia have nothing against Macedonian separation and independence, provided it is not done to the detriment of the Serbian people in Macedonia. It is his view that the unity of ethnic groups within Macedonia was based by the Macedonian leadership on anti-Serbianism, which placed the Serbian people in an unequal position and promoted antagonism between Serbs and Macedonians.

These are the essential statements of the Serbs rallied around the Democratic Party and Association of Serbs and Montenegrins in Macedonia, whose leaderships, as may be noted from their stipulations and announcements to the public, have lately pronounced somewhat different stipulations and demands. Mainly and with increasing frequency, they are mentioning the rightlessness and even the threats to Serbs in Macedonia, allegedly manifested by preventing the Serbs from receiving an education in their native language, from worshiping in their own churches, from earning their livelihoods without restrictions, and so forth. Mention is being made of some kind of referendum of Serbs and Montenegrins in Macedonia, similar to that held by the Albanians, calling for an independent autonomous Kumanovo Valley. In that sense, there was even an announcement in the city claiming that such a referendum has already taken place and that the establishment of the two autonomous oblasts was forthcoming. At the latest meeting of the high council of the Democratic Party of Serbs in Macedonia, statements were heard about the founding of a Serbian Republic of Macedonia. In supporting this demand, the radicals are referring to the DPS [Democratic Party of Serbs] and the association, and that the latter "will demand, above all, the lifting of the border

with Serbia, considering that the border should be between it and Croatia and Bosnia because it is there that the Roman Catholic world begins and must be kept separate from the Orthodox." This, according to them, would force the Macedonian leadership to think more seriously about putting an end to assimilation and to threatening the Serbian ethnic group in Macedonia.

The announcement of the high council of the Democratic Party of Serbs in Macedonia in connection with the elections for a new government of the Republic of Macedonia stipulates that "the DPS in Macedonia neither can nor is willing to accept any government if it does not include a representative of the Serbian people or if that representative does not participate in the consultations leading to the formation of the government. However, it is also not willing, for the first 100 days, to object to its legitimacy, in the expectation that that Government of the Republic of Macedonia will correct the injustices inflicted on the Serbian people in Macedonia." In a letter addressed to Kiro Gligorov, the president of the Republic of Macedonia, the high council of that party goes on to address the threat that "to the extent to which the new Government of the Republic of Macedonia does not make it possible for the Serbs in Macedonia to enjoy the collective rights to which they are entitled in accordance with international accords, the DPS in Macedonia will internationalize the problem of Serbs in Macedonia and will inform the global community of violations of the collective rights and freedoms of Serbs in Macedonia."

The high council of that party has already planned visits and discussions with some political parties in the Federal Republic of Yugoslavia in order to ensure the implementation of its intentions and objectives. These Yugoslav parties were informed of the situation of Serbs in Macedonia regarding their status, their collective rights and freedoms, and their economic situation, and discussions have been held on the dual citizenship of Serbs in Macedonia (Macedonian and Yugoslav) and with ensuring broader support and achieving a consensus between governmental and opposition parties concerning the situation of Serbs in Macedonia, as well as a demand for support in the exercise of the collective rights and freedoms of Serbs in Macedonia (according to the 8 September public statement on the membership of the high council of the DPS in Macedonia, which took place in Kumanovo).

New Macedonian Military Uniforms Described 92BA1466B Skopje NOVA MAKEDONIJA in Macedonian 3 Sep p 14

[Article by Z.P.: "A Beret Instead of a Cap for the Noncommissioned Officers"]

[Text] In addition to the Bordeaux-colored berets, the noncommissioned officers will wear short service coats, without lapels and epaulets. The "reclining" of the soldiers and noncommissioned officers in the new camouflage uniforms will begin at the beginning of next month.

The noncommissioned officers will be wearing the new image of the Army of the Republic of Macedonia [ARM] sometime this month. We are talking about the new service uniform, which will differ from the previous uniforms in several important elements. First, the officers' caps will be discarded, and, in place of them, the noncommissioned officers will wear Bordeaux-colored berets. The other essential difference is in the soldiers' coats; thus, instead of the usual coats, there are models with external pockets, wide lapels, and epaulets, which are reminiscent of English officers' jackets. The pants, shirts, shoes, and neckties are not undergoing any significant changes, except that the basic color of the fabric of the new uniforms of the noncommissioned officers of ARM will be in a somewhat lighter gray-olive version of the present one.

As is known, the red five-pointed star is discarded as an emblem of our Army, and the officers and underofficers will wear the symbol "ARM," formed in a red sun on a yellow background, on the berets. The ranks (for which the five-pointed stars likewise will be replaced) will be placed above the left breast pocket on the coat, and the flag of the Republic will be sewn on the left sleeve and on the right back, of course, as has been reported up to now. The symbols of the branches and services will be placed on the collars.

As we have been informed, the "reclining" of the soldiers and noncommissioned officers in the new camouflage uniforms will begin at the end of this month and the beginning of October, but the assault troops of the border units, as well as the guard brigade, will have priority. From what is known, the pants, the shirt, the coat, the windbreaker, and the cap (a cap with a shield will be worn instead of the current "Tito" cap), with camouflage designs composed of several colors, represent the work clothing of the soldiers and noncommissioned officers of ARM, and it is expected that, in a few months, the entire regular personnel of our Army will be clothed in camouflage uniforms.

What is particularly interesting and what is worth noting in the activities of the commission for developing the new uniforms of the General Staff of ARM is the initiative for developing special clothing for the assault troops of the honor unit, which, at this time, is still in the design phase. In the meantime, from what we have learned unofficially, the stylized guerrilla costume has the greatest chance in the competition for the formal dress of the honor unit.

Law on Registering Parties in Macedonia Analyzed

92BA1465A Skopje NOVA MAKEDONIJA
in Macedonian 19 Sep 92 p 2

[Article by K. Changova: "One Party—Five Hundred Citizens"]

[Text] *That is the number of citizens required before a political party can be registered in the Republic. The Ministry of Justice and Administration is in charge of registrations.*

Several parties made their appearance on the Macedonian political stage with the introduction of pluralism and a democratic multiparty system. That required the legalization of the political organization of the citizens in the Republic, which was initially based on the Law on Public Organizations and Citizens Associations rather than on a specific law to that effect. Otherwise, the need for a specific legal act on political parties stems from the constitutional requirement that such a document must be drafted no later than three months before the holding of new elections.

A motion was submitted in the Macedonian Assembly on drafting a law on political parties, outlining the way in which they should function. It is true that the motion was drafted by the previous government, and, therefore, before it is considered by the commissions and the parliament, it must be supported by the new government in order for it to be accepted as its own. Regardless of the structure of the government, in all likelihood the already drafted material could be used because it contains the basic elements regarding the means, conditions, and steps to found, register, and abolish political parties.

Founding and Registering

The draft law stipulates that a political party can be founded by no fewer than 500 adult citizens of Macedonia, permanent residents of the Republic who have joined that party of their own free will. A political party is founded at a gathering of the founders, at which a motion is made to found the party and formulate its program and bylaws, and at which its leading bodies are elected. The bylaws must also contain stipulations concerning the name and headquarters of the political party; its political objectives; its membership and resignation prerequisites; the commitments and responsibilities of its members; the collection and utilization of funds; the handling of the property should the political party be disbanded; and the party's symbols, flag, abbreviated name, and emblems. As stipulated, the distinguishing features of the party must be different from the name and distinguishing features of previously registered parties, of foreign countries, and of foreign political parties. The parties may not have both internal and foreign state symbols and designations.

The parties are entered in the register of political parties kept by the Ministry of Justice and Administration. The

registration must take place within 30 days of the day of the founding, if so requested. The request for registering any political party must include the record of the minutes of the proceedings and resolutions of the constituent assembly, the program and bylaws, a list of founders and members of the ruling bodies, and the names of the individuals authorized to represent the party. The respective authority must rule on the registration within 15 days of the submission of the request. Should the request be rejected, the Ministry of Justice and Administration must issue a notification to that effect. No party can be registered if it is established that its program, bylaws, and activities are aimed at the violent overthrow of the constitutional order of the Republic, the incitement or call for military aggression, or the promotion of national, racial, or religious hatred or intolerance. If all of this is confirmed even after the registration, the basic court will impose a ban on the functioning of the party.

Means of Functioning

Parties whose registration demand has been denied have the right to appeal to the commission of the Macedonian Government. A political party shall no longer function after its functioning has been prohibited on the basis of the enforced ruling of the respective court or if the Republic's Constitutional Court rules that its program and bylaws violate the Constitution; if the party's ruling body, as approved in its bylaws, resolves that the party has not functioned for more than one year; or if the number of its members drops below the legally stipulated number required for its founding. In the latter case, there is no indication who will determine this reduced number of members or how this will be accomplished.

The political parties may collect funds for their functioning through membership dues, contributions, income from their own property, loans, gifts, legacies (inheritance, wills, successions), and the Republic budget. Funds may not be provided by governments or other authorities and organizations of foreign countries or other foreigners, state authorities, or local self-governing authorities, except as stipulated in the budget. Budget funds in excess of 60 percent will be provided to parties that have garnered no less than 5 percent of the votes cast in the last elections, while the other 40 percent will go to parties whose candidates were elected members of parliament, in accordance with their number. The parties jointly represented by candidates will share the funds equally unless they have agreed on a different distribution.

Gifts and subsidies of enterprises and juridical and physical persons may not exceed 20 percent of their individual incomes and may not accumulate for more than one year. The draft law also includes penal stipulations for political parties and responsible individuals. A penalty ranging from 50,000 to 150,000 denars will be levied on a party that has submitted its organizational report to the state administrative authorities, the courts, and the public institutions and services, should it begin to function prior to its registration, should it fail to

request registration within the stipulated time, or should it fail to notify the corresponding registration authority of changes in its program and bylaws.

The preliminary and concluding regulations stipulate that the existing political parties must make their programs and bylaws consistent with the stipulations of the law within three months of its enactment. Otherwise, parties that have already been founded on the basis of the Law on Public Organizations and Associations of Citizens will be registered by the proper authority without the filing of a special request.

[Box, p 2]

Party Objectives

The general rules of the proposed law stipulate that the term "political party" will apply to any organized group of citizens that intends to participate in running the country. The purpose of the founding of a political party is for the citizens to freely implement and defend the political, economic, social, cultural, and other rights and beliefs of its members, and to participate in the process of making political decisions and in elections for representatives to the Macedonian Assembly and opština

assemblies. The work of the political parties must be conducted in public, and the parties must be organized and function on the basis of the territorial principle.

[Box, p 2]

Prohibition of Functioning

The ruling prohibiting the functioning of a political party must be issued by the main court of the area where the party's headquarters is located. The public prosecutor from the constitutional public prosecutor's office must file a request to the basic court to initiate the proceedings. The court must consider the request within eight days of receiving the request. The proceedings must be attended by the proper public prosecutor and the individual authorized to represent the political party. However, the court may also deliberate in the absence of the parties that have been suitably invited to attend as expressly stipulated in the summons. The court may rule on prohibiting the functioning of a political party or issue a ruling denying the request of the public prosecutor. Should the court issue a prohibition, it must provide a reason in support of its ruling.

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